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## Olympics Begin, 'Beyond Barriers'

### More Athletes From More Nations Than Ever Before Are Competing

**By Michael Janofsky**  
*New York Times Service*  
**SEOUL** — After 16 years of political intrusions, the summer Olympic Games are poised to come together Saturday with a festive opening ceremony celebrating the theme, "Beyond All Barriers." And beyond all that are 16 days of competition in which a record 237 gold medals will be awarded.

## At Games, The Tourists Are Missing

**SEOUL** — Two days before the opening of the Olympics on Saturday, more than a third of the tickets for the Games remained unsold and almost a quarter of the rooms in the Seoul's hotels were vacant. The flood of tourists had not come. The city was crowded with visitors, but most were athletes, journalists or Olympics officials.



A 300-foot-long ship lifted onto the beach at the Mexican resort of Cancun when the hurricane struck the Yucatan Peninsula on Thursday with winds of over 120 mph.

## Storm Hits Northeastern Mexico After Killing 58

**MATAMOROS, Mexico** — The hurricane designated Gilbert swept into northeastern Mexico from the Gulf on Friday, demolishing buildings and forcing thousands of people from their homes after leaving at least 58 persons dead on several Caribbean islands and the Yucatan peninsula of Mexico.

## Gorbachev In Offer On Radar

**By Philip Taubman**  
*New York Times Service*  
**MOSCOW** — Mikhail S. Gorbachev offered Friday to place a disputed radar installation in Siberia under international control for use in the peaceful exploration of space.

Mr. Gorbachev said his suggestion, apparently a modification of a previous Soviet proposal to dismantle the radar complex, was Moscow's response to U.S. concerns that the station violates the 1972 Anti-Ballistic Missile Treaty.

## Socialist Support Shaky As Swedes Go to Polls

**By Craig R. Whitney**  
*New York Times Service*  
**STOCKHOLM** — On the face of things, the Social Democrats, who have run Sweden for all but 6 of the last 56 years should have little to worry about in national elections on Sunday.

## Soviet Article Criticizes Warsaw Over Economy

**By Bill Keller**  
*New York Times Service*  
**MOSCOW** — A Soviet newspaper criticized the Polish leadership Friday for mismanagement of the economy and said the government of General Wojciech Jaruzelski might be forced to resign.

## In China, Rising Prices Impose a Deadline on Leadership

**By Daniel Southerland**  
*Washington Post Service*  
**BEIJING** — China's leaders, divided on how to proceed with vital price reforms in the midst of high inflation, now face the twin dangers of indecision and stagnation, according to Chinese and Western economists.

**Kiosk**  
**Shuttle Launch Set for Sept. 29**  
**WASHINGTON (AP)** — The National Aeronautics and Space Administration on Friday set Sept. 29 as the launch date for the space shuttle Discovery, the first mission since the Challenger accident.

**France's Rafale jet fighter, which has suffered delays and cost overruns. Page 5.**  
**General News**  
 The Soviet grocery store is one of Mikhail S. Gorbachev's biggest problems. Page 4.  
**Business/Finance**  
 British inflation ran at a 5.7 percent annual rate in August, the highest since December 1985. Page 9.  
 West European nations and Japan are preparing a protest in COCOM of the new U.S. trade legislation. Page 9.

**The Dollar**  
 New York  
 DM 1.871  
 Pound 1.679  
 Yen 124.075  
 FF 6.36

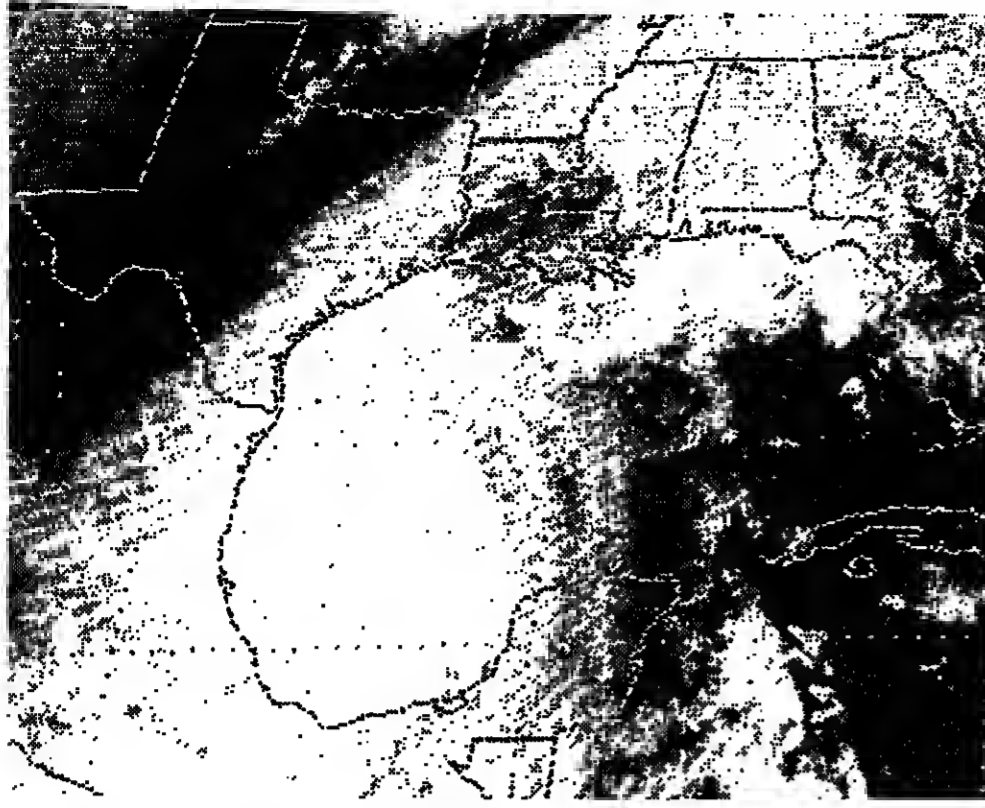
**Prime Minister Ingvar Carlsson campaigning in Stockholm for the Swedish general election.**

**Two British reporters said they were beaten Friday by the police and expelled from northwestern Xinjiang Province after allegedly entering the town of Kashgar, United Press International reported from Beijing.**

**Timothy Luard of the British Broadcasting Corp. and Andrew Higgins of The Independent newspaper of London said that policemen punched them and jabbed them with electric truncheons when they tried to evade a two-man police escort.**

**"We have denied their charges that we failed to obtain proper permission to visit the area," Mr. Luard said.**

**See POLAND, Page 4**



The center of the hurricane is shown moving toward the border of Mexico and Texas on Friday.

# In Fabled Yucatán, Storm Leaves Swath of Debris

By William Branigin  
Washington Post Service

CANCUN, Mexico — The drive across the path of the hurricane designated Gilbert from the town of Valladolid to Cancun was a jumble of trees and power lines strewn on the road.

Along the 90-mile-long (145 kilometers) route, thatched-roof homes were wrecked, crops were flattened and small villages on the edge of the fabled Yucatán jungle looked like ghost towns.

Streets of rain slashed across the jungle-bordered road, reducing visibility to practically nil, and fierce winds blew from the north, then suddenly changed direction. Exhausted birds, unable to fly, sought refuge on the road and died.

When townspeople and tourists emerged from their shelters in this popular Mexican beach resort Thursday, they bore witness to the awesome destructive power of the hurricane.

As they wandered through this city of 275,000 inhabitants during an eerie lull in the storm, they stared at wrecked restaurants and businesses and picked their way across flooded streets. The roads were littered by fallen trees, signs, lampposts, scraps of tin roofing material and other debris.

Many tourists tried to return to the beachfront hotels on Cancun Island from which they had been evacuated the night before. But they and all other visitors were denied

access by Mexican authorities, who set up roadblocks on the causeways linking Cancun with the narrow, 13-mile-long strip of modern, high-rise hotels built on Caribbean beaches of powdery white sand.

"We're in the eye of the hurricane," a Mexican official said as he turned back cars and pedestrians at a roadblock. "It's still very dangerous."

Soon after she spoke, the relative calm gave way to the renewed violence of the hurricane. People scurried indoors to safety, lashing rains again whipped through the town, and the wind began to howl. Soon Cancun's streets were deserted and the resort ruled by the storm.

It appeared, however, that the worst was over. Mexican authorities Thursday began cleaning up the swath of destruction that the storm cut across the Yucatán Peninsula on Wednesday.

The 500-mile-wide storm system wreaked havoc throughout the peninsula, which is known for its popular beach resorts and

ancient Mayan ruins. Power was knocked out in 90 percent of the peninsula, which covers three states inhabited by about 2 million people.

Telecommunications with the rest of Mexico and foreign countries were cut off, piped

water was stopped, airports were closed and gasoline was unavailable.

It was the first time such a phenomenon had occurred, officials said, since hurricanes normally have broken up or veered out to sea again when they have struck land in this area.

Victor Manzanilla Schaffer, the governor of Yucatán State, said that at least four members of a family were killed and two others were injured when a large wall collapsed on their hut in the coastal town of Dzidzantun on Wednesday. He said the hurricane had caused extensive physical damage in his state, even changing its coastline. Complete details on casualties and damage are still being compiled.

During its march across the Yucatán, the hurricane virtually wiped out the staple corn

crop, toppled microwave transmission towers, flooded streets and tore the roofs off hospitals, hotels, businesses and homes.

Governor Manzanilla said the evacuation of held to a minimum by the evacuation of 20,000 residents of coastal areas of Yucatán State to four inland cities. About 6,000 tourists, an estimated 90 percent of them Americans, were among the thousands of people evacuated from beachfront resort areas in Quintana Roo State, officials said.

Governor Manzanilla said that three of the four state hospitals in Cancun were damaged and that three major warehouses in the city of Mérida collapsed.

According to Mexican Red Cross officials, about 12,000 residents of hazardous areas in Cancun were evacuated to 10 refugee centers set up in schools, auditoriums and public buildings. Several thousand tourists also were evacuated from the beachfront hotels to city hall or other lodgings on the inland side of Cancun's Nichupte Lagoon.

Red Cross officials in Cancun estimated that 40 percent of the town's homes and businesses were damaged. They said no one was killed, but that about 10 persons were injured, none seriously.

# In Jamaica, Ruins and Political Issues

By Julia Preston  
Washington Post Service

KINGSTON, Jamaica — "We are saying either you D-O do or you G-O go," said Everton Smith, issuing a warning to Prime Minister Edward Seaga from among the splinters that the hurricane designated Gilbert made of his home.

"No help, no vote," chorused Margaret Brown, Mr. Smith's neighbor on Sufferer's Heights, a high rock face on the edge of Kingston that had that name even before it was badly blasted Monday by the colossal storm. The hurricane left nothing standing of the two neighbors' rickety homes except one clothesline.

While Mr. Seaga is still immersed in overseeing emergency relief and assessing losses, homeless hurricane victims began Thursday to articulate the political challenge the disaster represents for the conservative prime minister. If the relief efforts fall short, many Jamaicans will want Mr. Seaga to pay in elections he has been expected to schedule this fall.

But if Mr. Seaga, in office since 1980, can deliver the foreign aid to rebuild this shattered island, he can gain new support for his flagging political career. Polls show his opponent, Michael Manley of the Social Democrats, running as much as 10 points ahead.

Mr. Seaga's task is daunting because, according to reports slowly reaching Kingston from the com-

tryside, the hurricane traversed the length of the island, leaving the worst wreckage on the southeastern and northwestern tips.

JBC Radio, the government station, reported a police-confirmed death toll of 26 on Thursday.

Mr. Seaga and the U.S. ambassador, Michael Sotirhos, flew across Jamaica at tree-top level Wednesday afternoon in a U.S. military cargo plane. Some eastern coastal villages "looked like Hiroshima after the atomic bomb," Mr. Seaga said.

An official of the U.S. Agency for International Development who was on the flight reported, "Economic, residential and social services are totally destroyed" in the eastern region.

In Kingston, all 82 patients from the National Chest Hospital were hastily evacuated Tuesday after the hurricane chewed through 50 feet

of roof and spat its broad wooden beams like toothpicks across the garden.

The storm crushed the kitchen at another public hospital and flooded the maternity ward at the main 275-bed hospital in nearby Spanish Town. Even on Thursday, doctors and nurses there were still standing in rubber boots in water an inch deep to deliver babies in a hallway.

"Pure rain was falling on me," said Yvonne Smith, 28, whose son, Kimmar, was born as wet as possible in a maternity ward early Tuesday.

About half of Jamaica's tree crops — export income-earners such as bananas, coffee and coconuts — were destroyed. About 70 percent of the dwellings in Kingston, home to a fourth of Jamaica's 3.4 million people, were damaged or destroyed. In one slum, a top-

pled tree filled the living rooms of two houses.

On Wednesday and Thursday, U.S. military cargo planes arrived in Kingston with about 40 tons of disaster relief supplies.

Mr. Seaga declared a public emergency for one month to force stores to remain open to provide food and basic goods. Electricity was restored to some parts of the island.

Some commercial flights to the United States resumed, relieving conditions for about 4,000 American tourists stranded here.

In Sufferer's Heights, Everton Smith was reserving judgment. "I'm starting to rebuild my own home because I can't sleep in the rain," he said. "But I'm using the same old nail, the same old board. My feeling is that plenty of us poor people who got washed out is not going to get nothing."

# Impact of the Hurricane

The Associated Press

Following are country-by-country reports of damage caused by the hurricane, which since Sept. 10 has caused at least 58 deaths, \$8 billion in damage and left more than half a million homeless on several Caribbean islands and the Yucatán Peninsula of Mexico.

MEXICO — At least 17 people killed on the Yucatán Peninsula. Much of the peninsula without communications, electricity or drinking water. Airports closed to commercial airplanes, most roads blocked and supplies short in many areas.

JAMAICA — Government declares state of emergency for one month in an area along eastern coast; more than one million people affected. Dusk-to-dawn curfew imposed in that area and police empowered to make businesses open quickly to avoid shortages. Damage estimated at \$3 billion. Four-fifths of the nation's homes damaged, with a fifth destroyed. Many roads flooded. Electricity knocked out and water cut off in most regions; communications limited. At least 26 people killed. Estimated 500,000 homeless.

DOMINICAN REPUBLIC — Flooding and widespread crop damage. Main electricity relay station down, blacking out much of Santo Domingo, the capital. Five dead, 100 families homeless. HAITI — Military government declares a state of emergency across the southern peninsula. Radio stations said 10 people drowned Sunday. Floods seriously damaged banana and other fruit crops and livestock and cut off roads.

CAYMAN ISLANDS — Widespread flooding. Hundreds of trees felled. Estimated 5 to 10 percent of houses damaged. Electricity and telephone service disrupted. Returning to normal.

U.S. VIRGIN ISLANDS — Many miles of utility poles toppled. Temporary power cuts. Flooding. Back to normal by Tuesday. BRITISH VIRGIN ISLANDS — Flooding and power cuts. Some livestock and crop loss. Back to normal by Monday.

PUERTO RICO — Toppled utility poles in a dozen small towns. Crop damage due to flooding estimated at \$200,000 in western agricultural region. ST. LUCIA — Estimated \$740,000 loss from damaged banana crop. Similar losses reported by Guadeloupe, St. Vincent and Dominica. Officials say the banana plant, which is brittle and snaps off in high winds, recovers quickly, so export losses should be temporary.

# WORLD BRIEFS

## U.S. Embassy to Cut Posts in Panama

WASHINGTON (NYT) — The American ambassador to Panama, Arthur H. Davis, has recommended the elimination of about half of the 160 diplomatic posts at the embassy in Panama City because of concern for their safety.

The recommendation includes closing the regional operations of the Drug Enforcement Administration, the Justice Department and the Customs Service. The agencies are being formally notified of the decision. If any agencies object, they may petition to reverse it. A reversal would be extremely unusual, however.

U.S. officials said signals by the Panamanian Defense Forces, which include the military and the police, have convinced Mr. Davis that the authorities in Panama might not honor the diplomatic immunity of American personnel.

## Israel Imposes Curfew in Gaza Strip

JERUSALEM (AP) — The army ordered 180,000 Palestinian refugees in the occupied Gaza Strip on Friday to stay in their homes, in anticipation of a general strike called for Saturday by Moslem fundamentalists and underground leaders linked to the Palestine Liberation Organization. It did not say when the round-the-clock curfew would be lifted.

In a pre-dawn firefight in south Lebanon, Israeli troops killed three guerrillas from the Fatah branch of the P.L.O. Also on Friday, an anti-war campaigner, Abie Nathan, was summoned before police in a Tel Aviv suburb for an investigation into his meeting with Yasser Arafat, the PLO leader, in Tunis on Monday. Mr. Nathan faces up to three years in jail for breaking an Israeli law banning contacts with terrorist groups. Israel views the PLO as a terrorist group.

## Nicaraguan Rebels Seek Peace Talks

WASHINGTON (NYT) — Leaders of the Nicaraguan rebels have announced that they are willing to resume negotiations with the Sandinista government. The rebels made the announcement Thursday after two days of meetings among themselves and with U.S. officials, including Secretary of State George P. Shultz. But they said that President Daniel Ortega Saavedra of Nicaragua should improve the climate for talks by releasing those Nicaraguans who were arrested in a crackdown on political dissent more than two months ago.

Bosco Matamoros, a spokesman for the rebels, said that a delegation would be sent to Guatemala City on Sept. 19 to prepare the groundwork for a high-level meeting with the Sandinistas. Mr. Ortega has expressed his willingness to resume the talks, which broke down on June 9.

## France Leads Europe in AIDS Cases

France has the most AIDS cases in Europe, according to figures issued by the World Health Organization on Friday. A report issued at the UN agency's annual European regional committee meeting in Copenhagen showed France topped the 32 countries in the organization's European region with 4,211 cases, well ahead of Italy (2,233), West Germany (2,307), Britain (1,669) and Spain (1,471). In relation to population size, Switzerland topped the list with 6.65 per 100,000 people. (Reuters)

## For the Record

Irish police have seized more ammunition from the Irish Republican Army in the first six months of this year than in the past seven years, Justice Minister Gerry Collins said Friday. In the first half, the police seized 137,501 rounds, up from 134,421 rounds in the preceding seven years. (AP)

Nicholas F. Brady was sworn in Friday as Treasury secretary at a White House ceremony. He replaces James A. Baker 3d, who resigned the post to head Vice President George Bush's presidential campaign. (UPI)

## TRAVEL UPDATE

### Bonn and Moscow Set Train Steps

MUNICH (Reuters) — West Germany and the Soviet Union have agreed on measures to improve train travel between the two countries, the West German transport minister, Jürgen Warnke, said Friday. A new train service between Frankfurt and Moscow would be established and the service between Aachen and Moscow expanded. Mr. Warnke said, after talks with the Soviet railroad minister, Nikolai Konarev. The two sides were also examining the possibility of setting up joint ventures to advise tourists and of simplifying border-crossing formalities, Mr. Warnke added.

Separately, in East Berlin, East and West Germany began talks Friday on a new high-speed rail route across East Germany from Hannover in the West to West Berlin.

## SWEDEN: Going to the Polls

(Continued from Page 1) Like their counterparts in West Germany, the Swedish Greens do not have permanent leaders or a rigid hierarchy. They do have "spokesmen," and one of them, Eva Gees, a 41-year-old schoolteacher, was circumscribing central Stockholm this week in the usual Swedish campaign style, moving from place to place with a portable loudspeaker system and blaring out the message to passing shoppers.

"We want to take from the rich and give to the poor," she said. "If you go by car, it'll cost you more, and if you go by subway it'll cost you less. We want to increase the cost of pollution. The environmental laws of the Greens don't work." The party also proposes reducing individual income taxes and increasing taxes on energy and pollutants, banning road traffic from city centers, barring any new highway construction, and speeding up the Swedish timetable for doing away with nuclear power plants, which now produce 50 percent of the country's electricity.

At the end of a summer that has seen a plague of poisonous algae off Sweden's west coast this summer and the death of seal colonies in West Germany, Britain and Scandinavia from a virus, the Greens have a certain appeal.

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## CHURCH SERVICES

CENTER OF COPENHAGEN  
FIRST BAPTIST CHURCH, English speaking, Sun. 9:30, Bøgeskovsgade 7, (Box 3,57,16), Dr. R.J. Robinson, Min. Tel. (01) 37924.

GENEVA  
INTERNATIONAL CHRISTIAN FELLOWSHIP OF GENEVA, English speaking, Sunday service 12:00 noon at Chapelle des Buis, 3 rue Anat. Rev. Greg Fish, P.O. Box 2447, CH-1211 Geneva 2. (022) 32 08 67

CHURCH OF THE LIVING SAVIOUR, Geneva's International Pentecostal church, 20 Ave. Ernest-Fictel, Enjoy a warm atmosphere of joyful, spirit-filled worship in English, 10:30 a.m. and 7 p.m. Tel: 447 070 or 988 880.

LUTHERAN CHURCH in the old town, 20, Rue Verdun, welcomes visitors to their English speaking services at 11 a.m. Rev. Stephen Layton, Tel. 200.89.

DUSSELDORF  
International Baptist Church, English S.S. 10:00, worship 11:05. Children's church and nursery, Meats of the International School, Leuthenerberg Kirchweg 3, D-Köberwieser. Friendly fellowship. All denominations welcome. Dr. W.J. Oelley, Pastor. Tel.: 0211/400 157.

HAMBURG  
HAMBURG CHURCH OF EVANGELICALS in Levensloot, English speaking, Sunday service 10:30 a.m. to 12:00 p.m. Tel. 011-237933.

LOUVAIN  
Welcome to English speaking INTERNATIONAL CHURCH OF EVANGELICALS in Levensloot, English speaking, Sunday service 10:30 a.m. to 12:00 p.m. Tel. 011-237933.

MUNICH  
INTERNATIONAL BAPTIST CHURCH, English speaking S.S. 11:45, worship 12:45, nursery, child, ch. provided, Holststr. 9, Evening service 7:00, Ch. Rev. Paul, Box 069-670-8534, Dr. A.C. Thomas, Pastor. 47-49, 15-29-47, 51-29-63.

MUNICH INTERNATIONAL COMMUNITY CHURCH, services in English 4:30 p.m. Sundays of 10:30 a.m., 10 in Schwabing, (18 Theresienstr.) Further info, call Pastor Ronald Stevens (089) 850-8917.

PARIS  
THE AMERICAN CATHEDRAL (Episcopal-Anglican), Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m., 23 Ave. George V, Paris 8. Tel. 47 20 17 92. Metro: George V or Alma-Marceau.

SEATTLE  
EMMANUEL BAPTIST CHURCH, 56 Rue des Bains-Roisins, Basile-Madame, English speaking, evangelical, all denominations, S.S. 9:45, Worship 10:45. Other activities, Ch. Rev. J.C. Thomas, Pastor. 47-49, 15-29-47, 51-29-63.

UNITARIAN-UNIVERSALIST worship Sept. 18, Oct. 9 and Nov. 20, 11:30 a.m., 1 rue de Fontaine, Paris 10. (Metro: Louvre), Tel. 42 78 82 38 or 43 32 48 44.

INTERNATIONAL BAPTIST FELLOWSHIP meets at 123 Ave. du Maine, Metro Gare, Versailles-Rivoli every Sunday, 9:30 a.m. Tel. 47-49, 15-29-47, 51-29-63.

STOCKHOLM  
IMMANUEL CHURCH, Kungälvstr. 5, Birger Jarl, Friendly Christian fellowship, English, Swedish & Korean 11:00, Tel. (08) 151,225, & 309800.

Handwritten signature or initials.

# Ill Wind Blowing for Dukakis

## Hurricane Pre-empts Him, Compounding His TV Woes

By Michael Oreskes  
New York Times Service

WASHINGTON — Like many battlefield commanders, Governor Michael S. Dukakis has found his counterattack on military and foreign policy battling bad weather, in this case the powerful hurricane that is blowing political coverage off the top of the evening news this week.

This has been a crucial week in his campaign's strategic plan. It involved a series of maneuvers designed to solve one of the candidate's biggest problems, the Republican-encouraged impression that he is weak on military matters.

But as the hurricane drove in from the Caribbean, the Dukakis speeches were largely relegated to the middle of the television newscasts. Even worse, the correspondents on the air made fun of his most carefully planned photo opportunity: the governor riding in military gear in the turret of a battle tank.

The Democratic presidential candidate was engaged in one of the most difficult battles for any politician, getting and holding the attention of voters.

Television is how most voters learn much of what they hear about presidential campaigns. Mr. Dukakis spent Monday, Tuesday and Wednesday trying to focus the attention of voters on a televised message of strength reinforced by images such as his ride in the tank.

"I think it's played well," said Leslie Dach, Mr. Dukakis's communications director.

At least some of the Massachusetts governor's message got through each day, he said, adding, "We got out a lot of information about the weapons Michael Dukakis would hurl at the Soviets and about George Bush's failures in foreign policy."

As for the overshadowing storm, Mr. Dach said, "I think the hurricane is a more important story."

Of course, television news is not the only source of televised political information. The others are paid commercials and the set-piece events such as convention speeches and the upcoming debates.

The crucial thing is how a candidate does in the end of the three, said Kathleen Hall Jamieson, a professor of communications at the University of Texas.

"It's the interplay that's important," she said. "Sometimes ads shape perspective on the news. Sometimes news shapes perspective on debates."

"So far Bush is doing a better job of holding it together and making sure whatever channel you turn to you're getting a coherent message. Dukakis is just now realizing that's important."

Mr. Dukakis's theme this week has been defense.

In three carefully prepared and heavily promoted speeches, the governor said he favors a wide range of weapons programs, including a new nuclear bomber, an advanced cruise missile and a new nuclear missile for the Trident submarine.

The week has not been a complete rout for Mr. Dukakis. He got good chunks of his message across on some days.

But Tuesday was not such a good day. A "major" policy address in Chicago was largely ignored in favor of his visit to the factory in Michigan that builds the M-1 battle tank.

"If your candidate is seen in the polls as weak on defense, put him in a tank," commented Bruce Morton, a CBS reporter, as Mr. Dukakis rumbled across the plains.

Mr. Morton also noted that Mr. Dukakis had used the words *strength or strong* eight times in his brief speech, and he helpfully showed the viewers three of those times in swift succession.

### A Mass Strike By Armenians

MOSCOW (AP) — Thousands of Armenians stayed away from their jobs and schools in the Armenian capital Yerevan on Friday in a renewed call for annexation of a disputed region in neighboring Azerbaijan, an Armenian said.

Hovik Vassilyan said in a telephone interview that 150,000 people had gathered to demonstrate on a main square in the capital and that many schools and factories were closed in the strike.

Armenians called the strike to support a work stoppage that started Monday in Nagorno-Karabakh, the disputed region in Azerbaijan.

### 2 Hurt in Belfast Bombing

BELFAST — A bomb aimed at a police patrol car late Thursday night wounded a soldier and a nurse and blew out a window in Belfast's main hospital, the police said Friday. The soldier suffered eye and hand injuries and the nurse was being treated for shock.

## AMERICAN TOPICS

### Summers Stretch Out At New York Resort

Summers are getting longer on Fishers Island, New York, an exclusive resort between Connecticut and the eastern tip of Long Island. The New York Times reports. The notion of an extended, if not endless, summer has been growing.

"The summer people are staying longer," said Edwin Horning, 68, a retired teacher who has lived on the island year-round since 1951. "Some keep coming back in the fall and winter, too."

The trend, however, has also helped crowd out many year-round residents, who also are leaving for better jobs on the mainland. The summer residents number about 3,500, including visiting friends and relatives. The number of year-rounders has declined by half in 15 years, to about 320.

To help maintain a year-round community on the island, a local group has offered to build a cluster of 12 houses for local residents, to cost \$70,000 to \$90,000 apiece. The group, Walsh Park Benevolent Corp., will hold the deed, so the houses cannot be sold for a profit. So far, 19 people have applied.

Frank Burr, 51, a pension fund manager from New Jersey who

summers on the island, said the housing plan was devised to maintain a "critical mass" of hired help on the island.

"These are rock-ribbed New Englanders who always give more than they get," he said. "This makes them important to cultivate and keep."

### Short Takes

Boston police are switching from .38-caliber revolvers to 9mm semiautomatic handguns, joining other police departments trying to match the firepower of drug dealers and other criminals. The semiautomatics, carrying up to 17 bullets compared with 6 for a revolver, are being used by police in Washington and Miami, and will be issued to Los Angeles police in February. They are under review in Dallas and Chicago. Scores of small-town police departments use them. New York City and Detroit still use revolvers. "We're being out-gunned," Officer Harry Davis of the Los Angeles police said. "The criminals, the drug dealers have more firepower than the police."

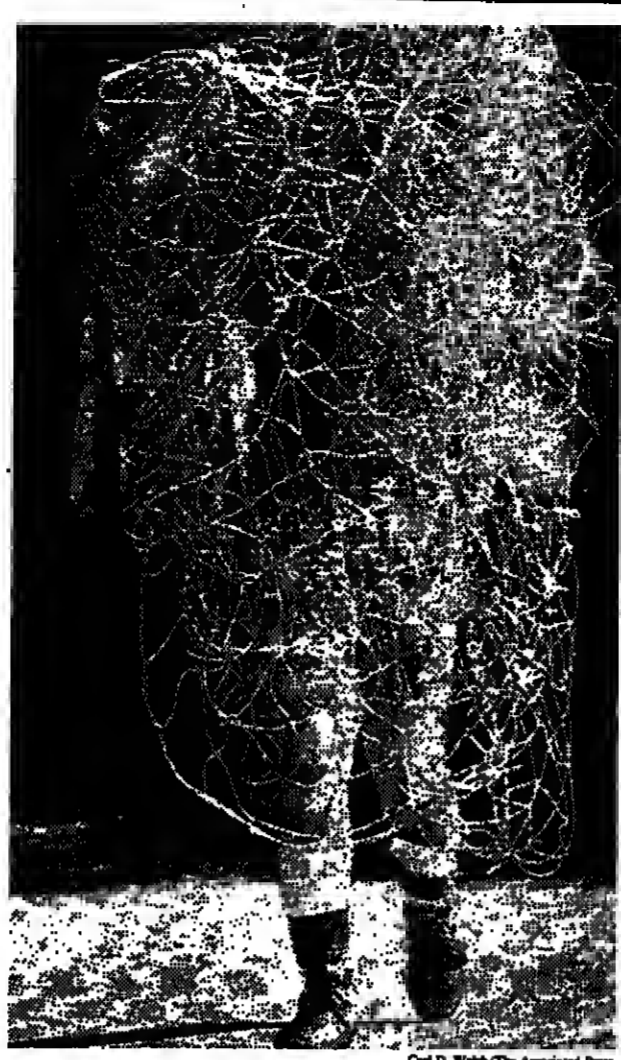
Starting in 1990, Eastman Kodak Co. will abandon the 13-month calendar developed by its founder, George Eastman, in 1928. A company study concluded, "It's time to harmonize the calendar." The change makes little difference to Kodak employees, except that department heads who make out 13 financial reports a year now will fill out only 12. Eastman's calendar was

intended to smooth out variations in the standard calendar. Each of Eastman's 13 months contained 20 work days and eight weekend days. But that calendar has only 364 days a year, so every five or six years the company had to add a week to conform with the rest of the world.

Shorter Takes: Last year, 3,041 U.S. citizens were arrested abroad, the U.S. State Department said. Most were released after an apology, or fined, or deported. At the end of 1987, 1,417 Americans were in foreign jails. • The U.S. Postal Service has issued a stamp captioned "July 26, 1788," that shows Wall Street with the spire of Trinity Church in the background. The church's cornerstone wasn't laid until August 1788.

The film actress Ann Sheridan's nickname, the "Oomph Girl," was originated by the Broadway columnist Walter Winchell in 1939, Art Rogoff writes, whenever Miss Sheridan was asked what "oomph" meant, she would describe it as what a fat man says "when he bends over to tie his shoelaces in a phone booth."

Arthur Higbee



SOCCKER SPAGHETTI — Scott O'Brien, a high school soccer player in West Buxton, Maine, carrying away a torn net that had been replaced by a new one for the practice field.

## THE HUSTINGS

### Noriega Dismissal Motion Is Sealed

MIAMI (AP) — A motion to dismiss drug-trafficking charges against Panama's leader, General Manuel Antonio Noriega, has been sealed at the request of a prosecutor, who says it could influence the U.S. presidential election.

But General Noriega's principal lawyer, Neal Sonnett, said Thursday that the motion was routine and that prosecutors had an "overactive imagination." General Noriega was indicted in February of accepting \$4.6 million in bribes from the Medellín drug cartel in Colombia.

Mr. Sonnett's dismissal motion, filed Thursday, was ordered sealed in advance by Judge William Hoever of the U.S. District Court at the request of the prosecutor, Richard Gregorie.

"My concern is that Noriega would see this as an opportunity to put materials in there that could have some bearing on our election and might use that as some sort of blackmail to cut himself a deal with the U.S. government," Mr. Gregorie said Thursday, adding, "I just don't want them to play politics with it."

### Convicted Lawmaker Loses N.Y. Vote

NEW YORK (NYT) — Mario Biaggi, whose congressional career ended last month after he was convicted of racketeering, was defeated Thursday in a Democratic primary for the House of Representatives seat that he had held for 20 years.

Mr. Biaggi was convicted of federal charges twice in the past year and did not campaign after trying in vain to get his name off the ballot. He has been sentenced to two years in jail on charges of accepting illegal gratuities and faces sentencing next month on racketeering charges.

### Greece to Pave Path to Dukakis Site

ATHENS (NYT) — The government has announced the approval of a \$700,000 public works project to pave a road on the island of Lesbos leading to the "hometown" of Governor Michael S. Dukakis of Massachusetts, the Democratic presidential candidate.

Athens was urged by representatives of the village of Pelopi, to which Mr. Dukakis traces his ancestry, to approve the project. A one-lane dirt track will be improved and lengthened.

## U.S. Troubled by Plant Japanese Built in Libya

By Don Oberdorfer

WASHINGTON Post Service

WASHINGTON — The United States has expressed concern to Japan that a Japanese company helped build a plant that might be linked to the production of poison gas, U.S. officials say.

The officials say they believe the company was involved in the construction of a metallurgical works that is in the same industrial complex as a newly established chemical-weapons plant about 70 kilometers (45 miles) southwest of Tripoli.

The proximity of the metallurgical works to the chemical-weapons plant is a matter of concern because of the possibility that Libya could use it in making containers or delivery vehicles for poison gas. The concern has prompted a confidential dialogue between Washington and Tokyo.

The Japanese company was identified in the Thursday editions of the Tokyo daily Mainichi Shimbun as Japan Steel Works.

The State Department said on Wednesday that the establishment of the chemical-weapons plant was "a particularly worrisome development."

State Department officials also said they knew of no information indicating that Japanese companies had contributed to the chemical-weapons plant.

A spokesman for the Japanese Embassy said his government had ascertained that "no Japanese firms are involved in chemical-weapons production facilities in Libya."

If a Japanese company is found to have been involved in any stage of the chemical-weapons enterprise, the potential repercussions are "ominous," a U.S. official said.

Mainichi Shimbun reported that the Japanese company's role was to provide machinery and equipment for a desalination plant, which converts sea water into fresh water.

Industrial and chemical companies from other technologically advanced countries, which have not

been identified, are believed to have been involved in the chemical-weapons plant. In announcing U.S. knowledge of the plant, the State Department spokesman, Charles E. Redman, said Wednesday that the installation was "on the verge of full-scale production."

U.S. intelligence agencies are said to have been watching the construction at the complex for many months.

Japan Denies Involvement

The Japanese government on Friday denied a suggestion by the United States that Japanese industrialists were involved in building a chemical-weapons plant in Libya, Reuters reported from Tokyo.

Government officials said there was no evidence that machine tools exported to Libya were used to produce chemical weapons.

A spokesman for a Japanese company that shipped machine tools to Libya in 1986 said the tools could have been used for the production of chemical weapons without the company's knowledge.

"The machine tools are designed to be general purpose, so that they could be used for production of weapons," said a spokesman for Japan Steel Works, a member of the Mitsui Group. "But we have no way of knowing what Libya used them for. If we knew they were being used for such a purpose, we would not have exported them to such countries as Libya."

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# U.S. Warns Philippines Bases May Be Removed If Lease Is Too Costly

**The Associated Press**  
**WASHINGTON** — The secretaries of state and defense have told the Philippines that Washington was thinking seriously about removing its military bases, and the chief Philippine negotiator said that Manila was preparing for that possibility.

Secretary of State George P. Shultz said Thursday that the United States wanted to keep Clark Air Base and Subic Bay Naval Base and other installations in the Philippines. But he added there were alternatives that Washington was now forced to examine.

Mr. Shultz said that talks in Manila on the level of U.S. compensation for its use of the bases, as well as on other issues, were not going well. The talks are a review of the U.S.-Philippine agreement covering the bases that expires in 1991.

On Wednesday, Defense Secre-



Mr. Gorbachev speaking Friday in Krasnoyarsk, Siberia.

## 7 Points of the Asia Plan

**MOSCOW** — Following is a summary of the seven points in the Asian plan announced by Mikhail S. Gorbachev on Friday:

1. The Soviet Union will increase its nuclear weapons in the Asia-Pacific region and calls on the United States and other nuclear powers to freeze their deployments there.
2. Major naval powers in the region are invited to hold talks on the nonincrease of naval forces.
3. The Soviet Union proposes multilateral talks on lowering confrontation at the points where the coasts of China, Japan, North and South Korea, and the Soviet Union converge. The talks would focus on reducing the strength and activity of those countries' air and naval forces.
4. The Soviet Navy will stop using Cam Ranh Bay for its fleet if the United States scraps its bases in the Philippines.
5. Measures should be taken to prevent incidents in Asian-Pacific seas and airspace. These could be based on accords already worked out between the Soviet Union and Britain, the United States and Japan.
6. The Soviet Union proposes an international conference on making the Indian Ocean a zone of peace to be held by 1990.
7. A "negotiating mechanism" should be created for talks on Asian-Pacific security. This could be begun by the Soviet Union, the United States and China, permanent members of the United Nations Security Council.

# Gorbachev Faces the Grocery Store Gap

**By Bill Keller**  
**New York Times Service**  
**MOSCOW** — The first aisle of the best grocery store in Krasnoyarsk, M. Petrova's neighborhood today offers scrawny chickens, two grades of bony soup beef, some Bulgarian fruit juices, mayonnaise, pickles, cottage cheese, thin yogurt, cherry jam and jars of Romanian peas. The fresh produce: garlic, celery greens, apples and green peppers.

In the second aisle, the customer finds more juice, vinegar, salt, flour, rice, macaroni, eggs, dried soup, dried baby food, porridge, frozen french fries, frozen peas and carrots, margarine, butter, some starchy ducks, one type of cheese, frozen fish parts, 18 kinds of canned fish products and the only Western item — Pepsi in chipped bottles with cockeyed labels.

There is no third aisle.

This is the current center of attention of Mikhail S. Gorbachev, the Soviet leader, and the bane of Soviet life: The grocery store is a place few Westerners would recognize and most Soviet customers say is getting worse every year.

Mr. Gorbachev has encountered frustrated consumers all this week on a barnstorming tour through the Siberian region of Krasnoyarsk that was clearly intended to signal his priorities for the coming months.

"In Krasnoyarsk, you can't walk down the street," the Soviet leader marveled in a meeting with local officials, televised Tuesday night, after he was heckled for the second day running. "All the time, food."

"Mikhail Sergeyevich, I think that what you've seen is not the whole calamity, only half of it," said the head of a local collective farm, who warned that in the countryside, "things have reached the breaking point."

Mr. Gorbachev has promoted a gradual move toward more private farming to increase food production.

But even if farm production can be increased, officials say that because of inadequate storage, primitive processing plants, shoddy

packaging and poor transportation, much food rots long before it gets from the field to the grocery store.

The Leningrad Universal Market, the store in Mrs. Petrova's neighborhood, the Klanki-Khorvino district of north Moscow, is more or less typical for a residential neighborhood in a big or medium Soviet city.

In some respects it is better. Unlike most cities outside the capital, Moscow requires no rationing coupons for meat, sugar and cheese, although sales clerks often limit purchases of these items.

The 13 checkout counters, with 1960s vintage cash registers instead of the usual abacus, keep lines short. There are real shopping carts, a rarity.

Compared with rural towns, the inventory of goods, listed above in its entirety, is a cornucopia of modern consumerism.

But to local residents like Mrs. Petrova, a 70-year-old widow who said she has watched the stores decline steadily over the last two decades, the Leningrad universal market is "a horror."

It is the length of a football field, dimly lit and grubby, with products stacked in unpainted wire bins.

On this day, during the after-work rush, a buyer finds no milk, no sour cream, no sugar, no sausage and no pepper, all staples of the Soviet kitchen.

To visit the food stores of the Soviet Union is to step back into an age before the conveniences most Westerners take for granted. Aluminum cans, ready-to-eat cereals, frozen dinners and prepared baby foods do not exist.

To a Western eye, some of the government-set prices are alluring. Bread, from a nearby bakery, is 35 cents a loaf. Potatoes, available at a separate government produce stand, are 10 cents a pound. Cabbage is 6 cents.

But appearances are deceiving. According to Alexander Zaitchenko, a government economist writing recently in the weekly Moscow News, food eats up 59 percent of the average family budget compared with 15 percent in the United States.

Many staples are priced at roughly the levels a consumer would find in the West, although incomes are much lower. Fresh eggs are \$2.50 a dozen, rice 40 cents a pound, butter \$2.50 a pound, chicken \$2.18 a pound, chicken \$1.90 a pound.

Quality and selection are generally much poorer in the deregulated farmers markets, which Mr. Gorbachev has given greater freedom, but prices are so high that most families shun them except in emergencies.

This week at Moscow's Central Farmers Market tomatoes were \$1.45 a pound, lamb \$9 a pound, a four-pound frying chicken \$2.00, and plump apricots \$7.30 a pound. These are luxury prices, especially when an average family income is about \$600 a month.

Much of what the consumer takes home from state-run grocery stores is inedible. The Communist Party newspaper Pravda reported last month that more than a quarter of eggs checked in Soviet stores were unfit to eat.

"If you just drop in, it looks like there is everything," Mrs. Petrova said. "There is some meat, some chicken. But the chicken is 100 years old and the meat is black. When you buy meat, you have to throw out half of it."

## STORM: Mexican Coast Hit

**(Continued from page 1)**  
 cent of the 65,000 residents were evacuated by early Friday.

The National Weather Service issued a hurricane warning for Mexico's northern coast and the southern half of the Texas coast from Brownsville to Port O'Connor.

A hurricane watch remained in effect for the remainder of the Texas coast, from Port O'Connor north to Port Arthur near Louisiana.

Port Isabel, a city of about 5,000 just east of Brownsville, had turned into a ghost town by Thursday evening. Officials also evacuated the coastal resort of South Padre Island.

Police were ordered to leave North Padre Island when water began flooding the causeway to the mainland.

An estimated 25,000 people evacuated low-lying villages in southern Louisiana and officials said they would not let people return home until they were sure the hurricane had run ashore elsewhere.

"We cannot afford a chance that it might go back into the gulf, away from the shoreline," said a local official.

Governor Bill Clements of Texas dispatched National Guard units to McAllen, Alice and Corpus Christi. (AP, UPI, Reuters)

## RADAR: Gorbachev Makes Offer on Disputed Station

**(Continued from page 1)**  
 the economy were unpopular or ill conceived.

A summary of the speech, with some excerpts, was made available by the news agency Tass, and Mr. Gorbachev's appearance was broadcast on the main evening television news program.

The radar complex mentioned by Mr. Gorbachev, situated in Abalakov in the Krasnoyarsk region, has been a key arm control issue since its construction was first detected by the United States more than five years ago.

Washington has repeatedly charged that the radar station is a violation of the 1972 ABM treaty because it is not on the periphery of the Soviet Union and oriented outward, as the treaty requires.

Moscow said in July that it would dismantle the station if it and the United States resolved their differences at the Geneva arms talks over the ABM treaty.

Mr. Gorbachev appeared to modify the offer somewhat in his speech Friday by suggesting that the installation, which has not been completed, be placed under some form of international control and used in the peaceful exploration of space.

"This is our reply to the West's concern over the Krasnoyarsk station," he said.

Mr. Gorbachev said Moscow remained concerned over American radar installations in Greenland and Britain, which the Soviet Union has called violations of the ABM treaty, but he did not directly link them to his proposal for the Soviet station.

"We expect that Washington will take appropriate measures in response to our initiative," he said.

Moscow has launched several diplomatic and economic initiatives in the Pacific and Asia since Mr. Gorbachev's 1986 speech in Vladivostok, including efforts to improve relations with China, Japan, Thailand, Indonesia and Australia.

## POLAND: Criticism From Soviets

**(Continued from page 1)**  
 to look beyond Solidarity — are beginning to understand this."

The article was perhaps the first time Solidarity had been mentioned in the Soviet press in a somewhat sympathetic light. It is normally described, if at all, as a destructive tool of Western interests.

The Soviet press in recent weeks has provided low-key coverage of events in Poland, focusing on economic troubles while virtually ignoring the political stresses.

Even in the more liberal climate of the contemporary Soviet press, commentary on Eastern European affairs has been strictly confined to the line advanced by the allied governments themselves.

Sovetskaya Rossiya is a publication of the Communist Party Central Committee and the government of the Russian Republic. In the past year it has often been a conservative voice on domestic policy.

The newspaper was severely rebuked last spring for publishing a full-page article that was later denounced in Pravda as a manifesto of anti-Gorbachev forces.

**Solidarity Talks Set**  
 Polish authorities and the Solidarity will open full-scale talks on the union's future in mid-October, Reuters reported Friday from Warsaw.

It said the authorities and Solidarity leaders, including Mr. Walesa, had agreed on the date at a meeting in Warsaw earlier in the day.

"I am happy," Mr. Walesa said after concluding the talks with the interior minister, Czeslaw Kiszczak, and other officials. "We have brought our positions closer. Many things were discussed, but I have to repeat again: There is no freedom without Solidarity."

The negotiations between the government and Solidarity will involve representatives of other aspects of Polish life, including the Roman Catholic church.

## Will Europe Survive the Games? All-Night Broadcasting May Leave Fans Yawning

**By Barry James**  
**International Herald Tribune**  
**PARIS** — With the main events at the Seoul Olympics in Seoul scheduled to take place while most Europeans are usually asleep, there are likely to be plenty of red-eyed sports fans plodding wearily to work during the next couple of weeks.

The British Broadcasting Corp. is one of several television services planning to broadcast through the night. And, as the writer Alan Coren put it: "Invitations, as I feared, are beginning to come in for Olympics supper parties."

"The common pattern seems to be," Mr. Coren wrote in The Times of London, "turn up at 10 for drinks, be on at 10:30, clear plates by midnight, switch on, speculate at night, crawl home at dawn."

The lighting of the Olympic flame meant the start of the largest radio and television operation ever undertaken by the European Broadcasting Union, which represents television broadcasters belonging to the Eurovision network. The network, based in Geneva, is seen throughout Western Europe and the Mediterranean area.

The EBU has teamed up with the International Radio and Television Organization, based in Prague, which serves television stations in the Soviet Union and Eastern Europe through the Intervision network.

The two organizations have established a combined operations group in Seoul, with a staff of 180 and 2,000 support staff recruited locally. The group will provide broadcasts to 65 radio and television services in Western and Eastern Europe during the 16-day Games.

In addition, the member TV and radio services have sent 1,700 reporters, commentators and technical personnel to take care of national coverage and follow local heroes.

Three simultaneous multilateral programs, totaling about 500 hours of material throughout the Games, an average of more than 31 hours a day, will be transmitted over three separate dedicated leased satellite channels from Seoul to Europe. The satellite signals will come down to ground stations in France, Britain and West Germany and be distributed to members through the Eurovision and Intervision networks.

This means that, although members will be receiving the same material, there will be plenty of choice for them to create individual programs, in addition to the coverage provided by their own reporters and commentators at the Games.

The two broadcasting organizations have leased two additional satellite channels so that members can send the reports and interviews they have gathered for themselves. More than 600 multilateral transmissions have been planned, all of which will be coordinated by the operations group.

An EBU spokesman said the two broadcasting organizations are spending an estimated \$15 million on satellite transmission costs. The EBU also has spent \$28 million on behalf of its members for the rights to broadcast the Games.

Besides Britain, countries that will have live coverage through much of the night include Denmark, Finland, France, Italy, the Netherlands, Portugal, Sweden, Switzerland and West Germany.

Sports fans who take advantage of the extended coverage to watch the Games through the night may find their health affected in more ways than by losing sleep, according to Stanley Weingart, a psychotherapist at the University of Southern California, who specializes in the problem of stress.

"Fans ruminating over the loss of a sporting event create a tremendous amount of stress for themselves," Mr. Weingart said. "They're raising their level of arousal past the moderate level to a high level, and they may begin to think irrationally, raise their heart rate, cut off the digestive system — all of the things that happen when you have the fight or flight syndrome."

Or as Mr. Coren wrote: "Those at a zenith of fitness half a world away are set to reduce those of us back home to a nadir of decrepitude."

## GAMES: Olympics Begin With a Minimum of Politics

**(Continued from page 1)**  
 translate into Korean words, like the United States, which is Meekuk, or "beautiful land," in Korea.

Several other translations of country's names and their meanings are:

- Equatorial Guinea: Juk-do Guinea, "red island Guinea."
- Dominican Republic: Dominica Kong-wa-uk, "Dominica together-harmony country."
- German Democratic Republic: Dok-il Min-chu Kong-wa-uk, "lonely-superior people-country, together-harmony country."
- Mongolia: Mung-go, "young-old."
- Soviet Union: So-ryun, "revive-union."
- Britain: Yong-kuk, "flower-hooming country."

The ceremonies were designed to be less glitzy than the one that began the Los Angeles Games and with an emphasis on Korean culture. But wherever the Games and whatever the program, for both participants and spectators the opening ceremony is often one of the most memorable moments of the Olympic experience.

**U.S. Marine Dies In NATO Maneuvers**  
**Reuters**  
**BERKVIK, Norway (Reuters)** — A U.S. sailor on NATO maneuvers drowned when he fell overboard during the final phase of a big naval and amphibious exercise on NATO's northern flank.

The sailor, who was not identified, fell from the support ship Fort Sound on Thursday, about 8,000 U.S., British and Dutch marines stormed ashore in the north-west Norway on Friday. The three-week maneuvers are to end Sept. 21.

"It was one of the most dramatic experiences of my life," said John Thompson, the coach of the American men's basketball team, of the ceremonies opening the 1976 Montreal Games. "You walk on the field, and for the first time you realize just how sensational the whole thing is. I remember being totally overcome with feelings of pride and patriotism."

"I was in Los Angeles, and it was awesome," said Marcy Von Schottenstein, who was on the American women's field hockey team and is also a member this year. "All those people yelling, and they don't even know who you are if you're in an obscure sport like I am. They don't care. They still yell for you."

Not long after the yelling, the competition will begin — with two basketball games, two volleyball games, four soccer games, boxing matches and women's platform diving.

The United States has two major military installations in the Philippines, the Subic Bay Naval Base and the Clark Air Base. They are considered by Washington to be essential to the projection of American power in the Pacific and Indian oceans at a time when the Soviet Union is expanding its Pacific fleet.

In offering to establish economic ties with South Korea, Mr. Gorbachev seemed to encourage a slow but steady improvement in relations with Seoul. The two countries do not have diplomatic relations.

Soviet officials have said that the prospects for a meeting between Mr. Gorbachev and Deng Xiaoping, the Chinese leader, improved after recent talks between Chinese and Soviet officials narrowed differences over Cambodia. Mr. Gorbachev has suggested several times in the last year that he and Mr. Deng meet, but the Chinese have rejected the idea.

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**INTERNATIONAL Herald Tribune**

France Weighs Delays In Weapons Programs, Citing Cost Overruns

By Joseph Fitchett International Herald Tribune PARIS — The Socialist-led government of France, trying to avoid a big increase in military spending, seems likely to postpone or even cancel the development of at least one planned major weapon, officials and analysts said Friday.

liament from Mr. Chirac's Gaullist party. In April, a few weeks before presidential elections, Mr. Chirac gave the go-ahead on Rafale despite Dassault's failure to attract foreign participation in the aircraft.

Export prospects are bleak because Rafale must compete in a tight market against the European Fighter Aircraft and improved versions of two U.S. aircraft, the F-16 and F-18, according to L'Express, the conservative newsmagazine that disclosed the report.

Jean-Pierre Chevènement, the minister of defense, briefing the defense committee of the National Assembly on Thursday, reportedly announced an indefinite delay in the development of an intermediate-range ballistic missile, the S-4.

He also indicated that France would put off building a new aircraft carrier and stretch out some other new weapons programs, but that it intended to pursue the Rafale.

Prime Minister Michel Rocard repeated Friday his commitment to raise defense spending slightly to 4 percent of gross national product, more than most neighboring nations.

But he said he could not promise to salvage the Rafale project, which he described as in "terrible shape."

Cancellation of the project could ruin Dassault, break up France's finest aerospace design teams and jeopardize 300,000 jobs at the 130 high-technology companies that are working on the plane.

Serge Dassault, who succeeded his father Marcel almost two years ago as chairman and president of the aircraft-builder, said Friday that Rafale would proceed. But he added that financial problems could slow the program.

Mr. Rocard blamed what he called the Rafale "mess" on decisions by the previous government, a conservative coalition led by Prime Minister Jacques Chirac, who has close associations with Dassault.

Mr. Chirac's government suppressed a report criticizing Rafale that was submitted in February by Michel Bernard, a member of Par-

In Gibraltar, a Rare Look at Britain's Secret Force

By Steve Lohr New York Times Service GIBRALTAR — This easy-going, sunny remnant of English colonialism in the southern tip of Spain is an unlikely place to conduct the first public examination of the fight by Britain's elite commandos against the Irish Republican Army, a battle usually waged far away in the gray chill of Northern Ireland.

But it was in Gibraltar that three IRA guerrillas were shot to death March 6 by a team of soldiers from the British Special Air Service regiment.

The reason for the public coroner's inquest, which began Sept. 6, is the disturbing nature of the case. The IRA members died in a hail of 27 bullets, mostly to their backs and heads. They were unarmed.

The inquest, which is expected to last for a month, is considering whether the three were killed lawfully.

The proceedings have attracted great interest, with official observers from the British and Irish governments and several human rights groups attending.

The Gibraltar case provides a stark illustration of the difficulty a democracy faces when trying to counteract a terrorist threat and yet adhere strictly to the rule of law. A central issue is how much freedom of action a nation can grant to security forces without appearing to adopt the same unscrupulous methods as the guerrillas themselves.

The questions raised about the intentions of the British security forces are magnified when the operations involve the SAS, the most elite and secretive troops in the British military.

The motto of the SAS is "Who Dares Wins." The 450 members are known for their effectiveness, not for taking prisoners.

The Gibraltar incident has revived claims that Britain sometimes employs a "shoot-to-kill" policy against the IRA.

Indeed, the contention of the Belfast lawyer representing the relatives of the three IRA members, Patrick McGrory, is that once the

SAS was ordered into Gibraltar, such a policy was effectively in force.

Last week, a senior officer in the British domestic intelligence service, MI5, who also testified from behind the court curtain and was identified merely as "O for orange," explained that the shooting in March of Mairead Farrell, Daniel McCann and Sean Savage was a result of a blend of correct and mistaken intelligence.

The intelligence reports accurately identified the three guerrillas, recognized that they were planning a car-bomb attack and determined that it would be in Gibraltar.

The IRA admitted in March, after the three were killed, that they had been on "active service," the guerrilla organization's term for a mission.

Yet British intelligence made three mistaken assumptions: that the IRA members were armed, that they had already planted a car bomb in Gibraltar and that they would trigger it by remote control. In fact, the guerrillas were unarmed, and a car they had parked in downtown Gibraltar contained no bomb.

But a car packed with 141 pounds (64 kilograms) of plastic explosives, which was linked by the police to the guerrilla squad, was found two days later in the Spanish city of Marbella, 30 miles (50 kilometers) east of Gibraltar. It was equipped with a timer, not a remote-control detonator.

Still, the SAS squad has taken the view that under the circumstances its use of firepower was justified. Soldier A said Tuesday at the inquest, "I would do it again."

From the testimony so far, it is not clear what movements by the three guerrillas, if any, would have been regarded as anything other than dangerous by the SAS, thus prompting them to move closer to arrest the three instead of opening fire.

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Lebanon Looks to U.S.-Syria Talks To Settle Crisis Over Next President

By Insan A. Hijazi New York Times Service BEIRUT — Lebanese leaders, unable to agree on a new president for the country, have pinned their hopes on talks now under way in Damascus between Syria and the United States.

A United States assistant secretary of state, Richard W. Murphy, has been in Damascus this week meeting with the president of Syria, Hafez Assad. The Syrian vice president, Abdel Halim Khaddam, and foreign minister, Farouk Shara, are also attending the meetings.

The goal of Mr. Murphy's visit is to find a candidate acceptable both to Lebanese Muslims, who are aligned with Syria, and to Lebanese Christians, who sought Washington's help in breaking a deadlock over the election of a successor to President Amin Gemayel. Mr. Gemayel's term ends next week.

Mr. Murphy was in Damascus on Friday after three days of talks with Syrian officials, Agence France-Presse reported from Damascus. A U.S. official declined to say whether further meetings would be held.

The 76 Muslim and Christian members of the Lebanese parliament have set for a candidate for president, which under a 45-year-old political formula is assigned to a Christian.

The Muslim speaker of parliament, Husayn Husayni, has called

a session for Sept. 27, but Christian members have said they will not attend because of the location of the meeting. The session is to be held at the old parliament building in Beirut's devastated central area, now a part of the confrontation line between the Christian and Muslim sectors of the city.

The speaker decided to shift the meeting place because a month ago Muslim members of parliament were unable to reach a villa in Christian East Beirut that has been serving as new headquarters for the parliament.

The Lebanese Forces, the Christian militia, was accused of resorting to intimidation measures to prevent the deputies from attending the session. The militia was trying to block the election of a Syrian-backed candidate, Sulaiman Franjeh.

Reports from Damascus have said the discussions between Mr. Murphy and the Syrian officials also covered proposals for making

changes in the Lebanese political system that Muslim leaders have demanded.

Nabih Berri, the Lebanese minister of justice, has said that agreement on changes that would give Muslims a bigger share in power must come before the selection of a new president.

■ Terrorists Ease Demands A Lebanese group holding three Americans and a U.S. resident alien hostage says it is willing to take a "positive initiative" toward their release if the United States acts within a week to demonstrate goodwill toward the Palestinians, United Press International reported from Beirut.

The statement Thursday by Islamic Jihad for the Liberation of Palestine, which took responsibility for the abduction of four university professors, signaled a softening of the group's demand that 400 Arabs imprisoned in Israel must be freed before the hostages would be released.

At Least 31 Die in Crash Of Airliner in Ethiopia

United Press International ADDIS ABABA, Ethiopia — At least 31 persons have died on an Ethiopian Airlines Boeing 737 that crashed and burned in the northwestern part of the country after birds reportedly were sucked into the plane's engines, causing them to fail, airline officials said Friday. At least 71 of the plane's 104 passengers were injured Thursday in the mishap. The plane was flying from Addis Ababa to Asmara, the capital of Eritrea Province, with a stop in Bahir Dar, 385 kilometers (240 miles) northwest of the capital. The officials said the crash occurred short after takeoff from Bahir Dar.

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# Herald Tribune

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## The Best Against the Best

For the first time in 12 years the Olympic Games will be played without a major boycott by nations of one alliance or another. This reunion of the world's athletes is occurring in Seoul, the capital of one of the most bitterly divided lands in the world. So the unease that has permeated the Olympics since Palestinian terrorists struck 16 years ago in Munich will be there again. Just over the border is hostile North Korea (one of the few nations keeping its athletes home), and within is a large population of student demonstrators who display an almost Olympic proficiency at hurling firebombs and sprinting from police.

None of which has discouraged South Korea from seeking and now proudly filling the role of host nation. The cost to that country, which is laboring to bring itself into the ranks of the industrially prosperous, is likely to be several billion dollars. Its willingness to pay indicates the degree to which the Olympics have become tied up with national prestige, and with money.

Money is the reason most of the big events will be conducted at unlikeliest hours in South Korea — so they can be broadcast during prime time in the United States by the NBC network, which is paying dearly for the privilege.

## Some Beef From Dukakis

Michael Dukakis has finally gone beyond campaign oratory on national security issues. Sure, he has to do it to counter George Bush's campaign to portray him as weak. Sure, some of his offerings are confusing, even questionable. But the Democratic candidate is engaging the subject seriously, and trying to bridge the gap between liberal ends and hard-headed means.

This effort to produce the beef is more than can be said of his Republican rival. Mr. Bush talks about occasions when the Reagan team did well in tying force to diplomacy — Libya, the Gulf, arms talks with Moscow. But his latest national security message is downright silly. On Wednesday, he took credit for the recent boom in flag sales. More generally, his policy seems to be this: He will be faithful to a "strong defense," while his opponent is "anti-defense." Wonderful.

Since the Vietnam War, Democratic candidates have been torn between the push of liberals to end the arms race and the pull of middle American patriotism away from any suggestion of military weakness. Mr. Dukakis, now braced by a hedgepodge group of academic moderates and political conservatives, started fashioning his consensus in three speeches in recent days.

On Sept. 8, speaking in Louisville, Kentucky, he demonstrated a broad understanding of U.S. national security. "Military might cannot be sustained without economic might," he said. "We cannot build a strong national defense on a mountain of debt." He added that "a foundation of good schools and productive factories and world-class technology... is essential if America is to be number one and stay number one on the battlefield and in the workplace."

At the same time, he made a mishmash of his position on "star wars." For months, he has called the Reagan Strategic Defense Initiative a fantasy. Now he seemed to say he would deploy it if it were deemed workable. But he left unexplained how workability could be ascertained without a testing

## Pinochet Is Dispensable

General Augusto Pinochet has had 15 years to immunize Chile against communism, which was the principal reason he seized power. Yet, in his own evident judgment, he has failed. There is nothing like the trauma of the late Allende years: His security forces have imposed a degree of social order sufficient, along with his successful free-market economic policies, to quiet many Chileans, if not to satisfy them. But the general lacks confidence in the permanence of his works. He remains reluctant either to let the people choose someone to lead them within his institutional structure of military rule, or to alter that structure. That accounts for the cramped political decision the electorate is being permitted in the plebiscite scheduled for Oct. 5.

A yes vote gives General Pinochet eight more years of power. A no vote requires him to step down 17 months later for elections under a constitution that puts the ultimate authority in the hands of a military-dominated security council that he will presumably be in a position to dominate. His fellow junta members suggested that he step down in favor of a more conciliatory candidate. He would have none of it. He has loosened the rules to promote the official line that Chile is now moving reluctantly to "democracy." But it is necessary, in his word, a "guided" democracy, one that goes beyond the running of an electoral process on Oct. 5 to holding the society in a firm, if more discreet, military grip indefinitely. It permits continued human rights violations of a sort that a democracy run society would check by law.

There is a democratic opposition, which struggles valiantly but suffers from being out of the political habit and from having to operate in a chilled political context. The government cultivates not only appreciation for its economic accomplishments but fear of a resurgence by the violent left — and, thanks in part to the government's own policies, there is a violent left, too. Technically fairness in the conduct and count of the vote is expected, but over the plebiscite hovers the overarching question of whether in the end General Pinochet will accept a defeat, especially a close defeat.

The United States has thrown its weight on the side of opening the political process. That way lie what peaceful possibilities the imperious dictator seems prepared to permit. Meanwhile, his insistence on his own indispensability helps feed further violent possibilities. Chile deserves far better.

## Other Comment

**Seoul Takes the Field**

When the curtain rises Saturday on the greatest sporting spectacle in the world, it will not only bring South Korea a step closer to the fraternity of developed nations, as was the case of the 1964 Tokyo Games for Japan, but will also recall the historical significance of the Olympics as a symbol of universal commitment to excellence through the brotherhood of sport.

With their sons and daughters present in Seoul, nations all over the world will be united in the hope that terrorist violence will not befall this celebration of man's inherent desire to break new frontiers.

The prevalent reading is that the North Koreans, the prime terrorist suspects, will not do anything that would jeopardize athletes [not just from the South but] from the Soviet Union and China as well.

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## Time for America to Tip Toward the Other Thug

By Charles Krauthammer

WASHINGTON — One of the few good side effects of the Iran-Iraq war is that it gave the United States some unusual practice in the art of realpolitik. Here was a conflict that made moral categories irrelevant. Between two of the most barbarous regimes on earth there was nothing to choose.

Iran led its credit: starting the Gulf War, initiating attacks on innocent neutral ships in the Gulf, and mass murder by poison gas. Iran, for its part, pursued the war with uncon-

*The tilt toward Iraq was justified. But now it is Hussein's huge battle-trained army that poses the real threat to peace.*

cern brutality, sending boys to clear mine fields. At home, it practiced a form of repression backed by torture that can be described as medieval.

It is hard to tell who is Stalin and who is Hitler in the Gulf, but in the end the United States chose, correctly, to back one against the other. The tilt toward Iraq, signified by the U.S. reflagging of Kuwait tankers, was a solid statement of our intention to move to help one thing fend off another. (The idea that the United States was in the Gulf to ensure "freedom of navigation" was pure fiction. Not once did the navy stop an Iraqi attack on neutral shipping.)

The tilt toward Iraq was justified for two reasons. First, the only good outcome of the war for the United States and for the region was stalemate. And since the only party capable of winning the war in the long run was Iran, it was necessary to bolster Iraq.

Second, of the two evils in question, only Iran's is for export. The ayatollahs have foreign legions in the Muslim world from Lebanon to Tunisia. Iraq's Saddam Hussein has none. Iraq's barbarism is local. An Iranian victory would have validation for Islamic fundamentalism and a spur to local fanatics throughout the Arab world. Military defeat, on the other hand, tends to have a wonderfully depressive effect on revolutionary Iran. America's interest was to help that defeat along.

The deed is done. Iran is in effect smug for peace. Which is why we now have an Iraq problem. Taking advantage of its superior position, Iraq has laid down very tough peace terms in Geneva and launched a genocidal campaign to wipe out once and for all its Kurdish rebellion.

There is dispute about whether Iraq is using poison gas. But even if poison gas has not been used, murder by fire and bullet is still murder. And when murder is systematically applied to a population, it deserves the name genocide.

The Arab world says nothing. It

does not want to offend an ascendant Iraq or establish a precedent for outsiders telling Arabs how to deal with their minorities. Much of the rest of the world is quiet. It does not want to offend a country with the world's second largest oil reserves and billions in reconstruction contracts to hand out.

American moral sensibilities, normally measurable on behalf of oppressed Middle Easterners unless the oppressors happen to be Jews, have been engaged by reports of the Kurdish genocide. The State Department offers tough talk and the Senate threatens economic sanctions. These are laudable steps but not enough. What is needed is a powerful political message delivered by a shift in American policy. It is time for a decisive geopolitical tilt toward Iran.

Moral outrage over the Kurdish massacre is one reason for tilting away from Iraq. But America should be doing so even if there were no reasons of morality. The geopolitical reasons are compelling. Iran is no longer in a position to win the Gulf war or even to carry it on. Iraq has a huge battle-trained army (it has twice as many tanks as Britain and France combined) ready to be turned any way Mr. Hussein wants — today north against the Kurds, tomorrow south against Saudi Arabia or Kuwait (which Iraq has threatened in the past), the next day against Jordan and Israel.

Iraq is the only power in the region capable of countering Iraq and preventing it from dominating the

## OPINION



region. Hence the need to tilt. How? First, warn Iraq that if its anti-Kurd campaign is not halted and the refugees not allowed to return, the United States will reconsider its economic and arms embargo against Iraq.

Second, declare a new policy in the Gulf: In the event of the resumption of hostilities, the U.S. navy will no longer professionally protect Iranian-bound cargo. The organizations withdrawal of a couple large U.S. ships would nicely illustrate to Iraq that it is forfeiting its naval shield.

Third, make firm but friendly over-

tures to Iran. No need to be obsequious. Talk about building a new relationship built on mutual respect and mutual interests (i.e. cutting Iraq down to size). Hints about unfreezing Iranian assets would help. Speedy compensation for victims of the Iran Airbus would be a good gesture.

Fourth, and most important, let there be no euphoria, no discussion about hostages, no moralizing. Iran is no less odious a place today than it was the day before Iraq started poisoning Kurds. It is only more useful.

Washington Post Writers Group.

## The Count's Hopes Died With Him

By Brian Urquhart

NEW YORK — Forty years ago today, Count Folke Bernadotte, the United Nations mediator in Palestine, was assassinated by members of the Stern Gang in Jerusalem. He had just presented his first formal report on his mediation of the Palestine problem to the United Nations General Assembly. His death marked the virtual end of the mediation effort as a means of achieving an agreed settlement of this most tragic and difficult of contemporary problems.

The General Assembly failed to follow up on Count Bernadotte's suggestion for a settlement, and the Palestine Conciliation Commission, which took over the mediator's functions in 1949, made no headway at all. The count's successor, Ralph Bunche, sought with unexpected success to turn the fragile truce into an armistice regime between Israel and its Arab neighbors, believing this to be an essential first step toward a settlement. The challenge of negotiating a lasting and comprehensive settlement, which Count Bernadotte had accepted, was not taken up again.

The Swedish count's first informal ideas had been given to the parties in June 1948 and were later modified, especially with respect to Jerusalem. There seems little doubt that it was these first ideas, put forward purely as a basis on which to start discussions, that determined his assassins, a Stern Gang group that called itself Hariz Hamat, or the Freedom Front, to take action.

The count's assassination evoked a brief international outrage but did not provoke the kind of widespread and indignant denunciations of the evils of terrorism that later activism in that region has inspired. His killers and their sponsors suffered little inconvenience.

No more was heard of his suggestions for a settlement. A mediator, as distinct from a negotiator, is expected to put forward ideas. Count Bernadotte's experience was scarcely encouraging for international mediators of deeply felt disputes. His murder was a successful act of terrorism in the sense that it effectively put an end both to his ideas and to the mediation process as a means of reaching a settlement.

It is true that his proposals were, at the time, acceptable neither to Israel nor to the Arabs, to whom the partition of Palestine and the state of Israel were then anathema. Whether, with sufficiently strong support from the international community, they would have constituted a basis for an ultimately successful negotiation can never be known.

Since Count Bernadotte's time there have been four major wars in the Middle East, and each has further complicated the situation and made the possibility of an agreed settlement more remote. The fate of the Palestinians, who in 1948 were only beginning their diaspora, has become the central problem of a great historical tragedy that is also a standing threat to world peace.

Folke Bernadotte had the temerity to believe that a plan could be devised by which Arabs and Israelis could learn to live together in peace. He knew that both sides would have to make concessions which, initially at least, he resented and strongly resisted. He believed, however, that the failure to pursue a settlement could only give rise to a far more disastrous situation later on. This belief cost him his life.

The writer, a scholar-in-residence at the Ford Foundation, is a former UN undersecretary-general. He contributed this comment to the International Herald Tribune.

## For a Collective Approach to Security in the Pacific

By Jeane Kirkpatrick

NEW YORK — How much should the United States be willing to pay for the privilege of helping to preserve stability in the Pacific region?

Deadlocked talks between the U.S. and Philippine governments should be viewed as an opportunity as well as a problem — an opportunity for Americans to rethink what they should do in the Pacific, what they can do, and how much they are willing to pay to maintain military bases in regions so far from home.

Although the United States has supported the Aquino government from the beginning, and although the U.S.-Philippine bases agreement is not due to be renegotiated until 1991, the Manila government has raised one difficulty after another concerning the Clark and Subic bases.

Under the guise of a "five-year review," the Philippines is demanding \$1.2 billion for continued U.S. use of the bases. The Reagan administration has offered less than half that amount. A U.S. offer to double

its current aid commitment (which is \$180 million per year) was rejected brusquely by Ramon Manglapus, the foreign secretary, despite the manifest importance of the bases to the Philippines' security and economy and to the stability of the area.

That the Philippine government should pursue a course of confrontation against its major benefactor at a time when the country is wracked by guerrilla warfare and economic depression testifies to the unrealistic expectations of that government and perhaps to the anti-American feelings of its foreign minister.

Clearly an American withdrawal from the bases would have a devastating effect on the morale of Philippine military forces and strengthen their adversary, the revolutionary New People's Army, whose power has spread during the past two years.

The Philippine economy, which deserves thousands of jobs and more than \$500 million in direct income

from the bases (and many millions more in intangible benefits from the American presence), can ill afford a U.S. withdrawal. Why then has Mr. Manglapus forced a confrontation?

It may be that his nationalism and anti-Americanism blind him to the benefits the bases bring. It may be that he and President Aquino believe the bases are so important to the United States that Washington will finally pay any price to maintain them. It may also be that Mr. Manglapus finds also that Mr. Aquino's so-called "no more bases" stance is ready to eliminate it regardless of the cost to his nation.

Any or all of these motives may be present. For the United States, however, the motives of Philippine officials are less important than those of Americans. Why does the United States want the bases?

The answer is clear. In the Pacific, as elsewhere, America seeks not empire or hegemony but to nurture a world of independent, self-governing

nations. It does not want any country to be able to dominate and intimidate the nations of the region.

Presumably, the American goal of a Pacific region of independent nations is shared by most of the governments in the region. If Japan, South Korea and the Association of Southeast Asian Nations share this goal, they could join the United States in collective security arrangements, including maintenance of the Clark and Subic Bay bases.

It is true they would resist such a course; they would rather save their money. But so, of course, would most Americans. It is true they would rather offer economic than military aid to protect the stability of the region. But so would most American citizens.

The U.S. bases are not really welcome to the present Philippine government. Perhaps the representatives of a collective security association would be more welcome.

Philippine reluctance has created an excellent opportunity for Japan and other interested, prosperous countries to join with the United States to provide the security shield and stability that America has provided alone since World War II. Such a regionally based, collective security organization would solve many problems, including the responsible use of Japan's great power.

America's Asian friends can afford to take a larger responsibility for their region. They should do so. It would be good for them and for America.

Los Angeles Times Syndicate.

## A Mostly Welcome Invasion of Norway

By John C. Ausland

OSLO — People in northern Norway began bracing late last month for an invasion. Now it has come, but not from the east, where the Russians have been courting their neighbors with promises and schemes for economic cooperation.

Rather, the invaders wear the colors of NATO nations, in what have been the alliance's largest exercises ever in this part of the world.

The boundary line between the North Atlantic Treaty Organization's European and Atlantic commands lies just off the Norway coast. So this country is participating in the exercises of two commands: General John Galvin's Atlantic Force 88 and Admiral Leo Baggett Jr.'s Teamwork 88.

Teamwork, which ends Wednesday after three busy weeks, has involved more than 500 aircraft, 200 ships and 45,000 personnel. There are two U.S. aircraft carriers, the Theodore Roosevelt and the Forrestal, and a British carrier, the Illustrious. Never has the Western alliance exercised this many carrier battle groups in the Norwegian Sea.

The fact that NATO is making such a large effort in a period of declining Western defense budgets demonstrates the importance it attaches to the North Atlantic.

Of course, Soviet diplomats gleefully remind Norwegians that these exercises fly in the face of the recent East-West thaw, and they note that Soviet naval exercises have declined since 1985; but they fail to mention

that the Soviets had been increasing their naval operations for two decades before that, and that NATO plans its exercises years in advance.

The invasion involved the Norwegian Sea in the late 1970s, after its preoccupation with Vietnam had ended. Norway and America agreed in the early 1980s to preposition material for a U.S. marine brigade in central Norway. (The allied forces, Norwegian leaders were told, were not likely to arrive at the outset of a conflict if heavy equipment and ammunition were not already here.)

But the Norwegian military has complained that too much of its resources now go to supporting allied exercises at the possible expense of the country's own defense capability. Norwegians do not seem entirely convinced that the allies will come when Norway needs them. General Fredrik Bull-Hansen, a former defense chief, used to say that he did not want to go to the beach to wait for forces that were not coming.

Atop the doubtful list would be the NATO Mobile Force, which exercises every two years in Norway. NATO created this multinational show-the-flag force in the 1960s, when the countries on its flanks were complaining about the alliance's preoccupation with the central front.

Canada had committed itself to deploying a brigade to Norway in a

crisis. But the deployment of the brigade to Norway in 1986 for an exercise dramatized the logistic difficulties. As a part of a general defense review, the Canadian government decided to end this commitment.

There has also been friction over logistic arrangements and exercises for the British commandos that do winter training in Norway.

Defense Minister Johan Joergen Holst has been making the rounds of NATO capitals. He wants to have as many allied flags as possible flying alongside those of Norway and the United States. The Canadians have now declared themselves willing to commit an infantry battalion, the West Germans an artillery battalion, and the Americans an artillery battalion and an additional fighter squadron. (The U.S. air force already has made preparations to deploy eight squadrons to Norway.)

On Friday, American, British and Dutch marines came ashore in northern Norway, as the Teamwork exercise was evolving into Barfrost, part of Autumn Forge '88. Norwegian, Dutch, American, British and Canadian forces will maneuver for a week.

In the process, they will tear up fields and roads. Most civilians are expected to take the inconvenience in stride. Such was not the case last fall, when military exercises led to the closing of civilian air traffic for hours at a time. Facing a storm of protest, the authorities vowed not to do so again.

International Herald Tribune.

100, 75 AND 50 YEARS AGO

**1888: Contest for Africa**

PARIS — The deaths of Livingstone, of Gordon, of Bartlett, and of scores of others mark the mile stones in the exploration of Africa. What America was to Europe in the sixteenth century so has Africa become in the nineteenth century. Forty years ago England had almost a monopoly of interest in Africa. She could thus have quietly annexed the whole east line of Africa south of the Sahara. Today we are on the verge of a contest between England and Germany for the supremacy in the continent. The prospect is full of encouragement for the future Wolfes and Montcalms of the Equator.

**1913: Tunnel Debate**

BRUSSELS — The Association of British Chambers of Commerce met today in congress at Antwerp and passed, without a dissenting voice, a motion in favor of the speedy building of a Channel tunnel, which would

## Why the Fed Doesn't Need To 'Cool It'

By Jude Wanniski

MORRISTOWN, New Jersey — Perhaps the greatest threat to the American economy at the moment is an idea. It is the notion that economic growth can cause inflation.

Almost all economists accept this false idea, having learned about it in textbooks written since World War II. This idea is also at the heart of Wall Street's fears that if the economy gets too strong the Federal Reserve will have to stop the party by raising interest rates. This will "cool the economy," they say. Several officials at the Fed are known to believe in this idea, which is why there seems to be such perversity in the news lately.

For example, when the unemployment rate was reported to have climbed from 5.3 percent to 5.6 percent in August, the stock market soared 52 points and bonds rallied. Why? Because Wall Street believed that bad news on unemployment meant that the Fed would not be forced to end the party just yet.

Specifically, the idea is that the economy can absorb more inflation. Inflation means you use the available workforce and the capacity of plant and equipment. That is, too many workers are chasing too few jobs, they bid up wages, forcing producers to raise prices, leading to a general inflationary spiral. Likewise, if too many consumers want to buy goods from manufacturers whose machines are working at full steam, this demand will bump up prices to consumers.

Supply-side economists reject these notions. They argue that inflation is a monetary phenomenon. This means you can never have inflation simply because too many people or too many machines are working. Inflation can occur only if the central bank prints more money than workers and employers are demanding for the purpose of facilitating trade.

Imagine if there were no money in the system — that is, if there were a modern barter economy. The price of an orange is one apple. The price of an apple is one orange. Thus, say, the demand for oranges rises and, because there are not enough men or machines to produce more, so does the price. The price of an orange becomes two apples!

Now suppose there are not enough men or machines to meet demand within that sector. Now the price of oranges is two apples. In other words, we are right back where we started, even though the apple-orange economy is overinflated.

In fact, inflation will occur only if the Federal Reserve increases the amount of money in the system by printing more of it. If there is \$1 in the system to permit the apple grower to buy one orange, the price is \$1 per apple (or \$1 per orange). But if the Fed doubles the amount of dollars in the economy, even though only \$1 is needed, the price will go to \$2 per apple. Thus, a dollar inflation will occur whether or not the economy is unemployed or at full employment.

For the demand for all goods is always met by an equal value of goods produced. We can put every man, woman and child to work and there will still be no inflation. They will demand goods with goods they are producing, which are themselves in demand.

In classical theory, all inflation, everywhere, begins with a rise in the price of gold in the local currency. The overall supply-side governor of the Federal Reserve who has been resisting "cooling off" the economy with higher interest rates has pointed out that the price of gold has been falling of late, not rising.

Americans have nothing to fear from the unemployment rate going to zero or capacity utilization rate going to 100 percent, as long as the price of gold tells us all prices are in balance. Thus, the Fed should not try to cool the economy by shutting it down with higher interest rates. Among other things, that would cause higher unemployment among those last hired, as well as higher inflation. As Margaret Thatcher said 11 years ago when she was chairman of the National Association for the Advancement of Colored People, "Inflation is not caused by too many people working."

The writer is president of Polyconomics, a consulting firm. He contributed this comment to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

**1888: Contest for Africa**

PARIS — The deaths of Livingstone, of Gordon, of Bartlett, and of scores of others mark the mile stones in the exploration of Africa. What America was to Europe in the sixteenth century so has Africa become in the nineteenth century. Forty years ago England had almost a monopoly of interest in Africa. She could thus have quietly annexed the whole east line of Africa south of the Sahara. Today we are on the verge of a contest between England and Germany for the supremacy in the continent. The prospect is full of encouragement for the future Wolfes and Montcalms of the Equator.

**1913: Tunnel Debate**

BRUSSELS — The Association of British Chambers of Commerce met today in congress at Antwerp and passed, without a dissenting voice, a motion in favor of the speedy building of a Channel tunnel, which would be a wonderful boon, said all the speakers, to both Great Britain and the Continent. The congress formally expressed its satisfaction at the fact that the British National Defence Committee was now seriously studying the tunnel question. The vote of this congregation of trade experts in favor of the tunnel is considered as largely outweighing the arguments in the London "Times" against the submarine highway.

**1938: Barcelona Is Hit**

BARCELONA — Nine bombers from Majorca today [Sept. 16] took a toll of thirty dead and 114 wounded when they unloaded sixty projectiles in the port district at 11 A.M. Several heavy bombs spread death in the fish market where the crowd was at its peak. A member of the crew of the British vessel Powier was killed when a bomb shattered the ship's bridge. Intense anti-aircraft fire prevented the attacking planes from flying over the greater part of the city.

ARTS / LEISURE

Of Painting, Passion and Greed

International Herald Tribune
NORWICH, England — The art limit can be motivated by passion or greed. How a mixture of both lead to the emergence of a wonderful school of painting...

SOUREN MELIKIAN

story told and illustrated in "Dutch and Flemish Painting in Norfolk," an exhibition in the Castle Museum...

owes something to Dutch painting via its legacy in English painting of the 18th century. On the other hand, "The Year at Thorpe," included in the Dutch and Flemish painting exhibition and obviously done under the influence of Jan van Goyen's compositions while borrowing Ruysdael's light effects, is

An English outpost of Dutch and Flemish influence.

pointed with greater precision and conveys a different mood. But most detailed is Crome's "Grove Scene" so clearly influenced by Hobbema, as Andrew W. Moore the exhibition organizer and author of its masterly catalogue, observes in another book, "The Norwich School of Artists."

At the Grand Palais in Paris from September 22 to October 9 1988
XIVe Biennale internationale des Antiquaires with la Haute Joaillerie de France and le Livre Rare
Preview on September 21 at 8 p.m. in aid of the FONDATION pour la RECHERCHE MEDICALE



Mike Nichols, at piano, and from left, Steve Martin, Robin Williams, Bill Irwin and F. Murray Abraham at rehearsal of "Godot."

A Faithful 'Godot' From Mike Nichols

Mervyn Rothstein
NEW YORK — Mike Nichols is talking about "Waiting for Godot." "This is one of the few plays, if not the only play, of which you can say, 'It's about everything. It's about our lives. It's about devices people use to get through their lives. There's nothing that happens in 'Godot' that hasn't happened to everyone in one form or another: forgetting, not being able to start exactly where you were last Tuesday, remembering, 'Remember, we worked for that man. I forget his name, he lives in that place, for the moment I forget the name. It happens to me every other day. It's about being bored by other people's pretensions. Everything is very specific. It's about daily life.'"

We've been friends for quite a long time, and every few months one of us would say, "Well, what about 'Godot'?" and we talked to Robin, and he was interested, and then I talked to Gregory Mosher, because at that point he was just taking over as director of Lincoln Center Theater, and I wanted to do it in an institutional way, as part of a theater. "A year ago July, we all got together at Steve's house in California. By then I had thought of Murray and Bill. And we sat at Steve's and read it and decided to do it." About six months ago, Nichols says, he went to France to discuss the play with Beckett. "We talked about a lot of things," he says. "I asked him at one point what one of the times was to one of the little songs in the play, and he sang it for me and cracked himself up." Nichols says he will be faithful to Beckett — "We'll do it all Sam's way."

doing the other two parts? because I knew instantly he wasn't offering me Didi or Gogo. And he said, "No, really, it's the best," and I said, "I know. Pozzo is a fabulous part, but who's doing Didi and Gogo?" because if you ain't got those two you ain't got nothing. And when he told me, I said, "I'm ready to do it right now." "And what I thought about after the phone call was that I think this production is going to redefine this play in American terms. Because Europeans — particularly the French — have a very different idea of what this play means to them. It's much more informal, much more intimate, much more personal, much freer and much more fun. They have a free exchange with the play that Americans don't understand. "I see it as being absolutely funny, and enjoyable, and a pleasure, with of course tragic overtones. People say, 'We're going to see "Godot" because it's what we have to do, but maybe now they're going to do it because it's a wonderful, happy thing to do.' Martin finds the humor essential, "It's everything I like in a comedy," he says. "Fun and sad. When I first reread it, I said: 'This is funny, and its more serious meaning seems to take care of itself. You don't have to act serious and you don't have to act dramatic for its meaning to be conveyed. As Mike keeps saying, 'We just don't want you to think, 'Uh-oh, it's art.'"

Vienna Museums Battle the Bureaucracy

Ferdinand Protzman
VIENNA — A year ago, an 11th-hour government aid package bailed Vienna's outdated museums out of an acute financial crisis. But the funding problems underlying the crisis remain and priceless works of European art continue to decay while bureaucrats and politicians bicker over possible solutions. When the Austrian government approved a \$124 million financing package in late 1987, allowing the Kunsthistorisches Museum to begin installing climate-control equipment needed to avert the deterioration of many masterpieces of European painting, many Viennese assumed the matter was settled and the art works were safe. But Hermann Filitz, the director of the Kunsthistorisches Museum, which art experts rate as one of the most important museums in the world, had no illusions. He had acted as point man for the museum directors when exasperation with government inaction forced them to make their woes public, and he knew that getting more permanent funding would be difficult.

"Absolutely nothing has changed as far as permanent funding is concerned," Filitz said in an interview. "Barriers are immediately raised against every positive suggestion we make. I am struggling against a bureaucracy that people in other countries cannot even imagine." The core of the problem is how Austria funds its museums. Revenue generated by admissions, tours and concessions goes to the Finance Ministry, which has shown no sign of relinquishing any funds to the museums. They are controlled by the Ministry for Science and Research, and the directors believe the money is rightfully theirs. Finance Minister Ferdinand Lacina agrees. But much of his ministry's entrenched, middle-level bureaucracy, which is virtually a power unto itself, is opposed. And parliamentary efforts to alter the situation are stalemated. "A parliamentary committee is trying to come up with a proposal to allow the museums a share of the admissions and concession revenue and to set up partially independent management to operate the museums," Filitz said. "But there is just

no indication that this will happen soon." Unfortunately, while the funding struggle continues, paintings that Filitz said should go immediately to restoration, including the masterpieces "Hunters in the Snow" and "The Return of the Herd" by Pieter Brueghel the Elder, remain on display, subject to dust, pollution and that blow in through open windows, the museum's only means of ventilation. During an August heat wave, interior temperatures in the museum often reached 33 degrees centigrade (91 Fahrenheit), well beyond what experts say the paintings should be exposed to. "There is no point in taking them off the walls," Filitz said. "Only one restoration room is climate-controlled and it is already full. They may as well be where they can be seen as to erode out of view." While construction noises now reverberate through the museum, as work progresses on installation of air-conditioning and humidity control systems, an elevator for the handicapped, a new restaurant and a security control center, Filitz scrambling to secure funding for new acquisitions, further structural improvements and additional personnel. Filitz also said that management needed a freer hand in operating the museums. But critics claim even partially independent operating management would only create a new bureaucracy and saddle the state with deficits. "That's nonsense," Filitz said. "There is no museum in the world that is run solely by an independent management. But we should have at least a partially independent management."

COLLECTOR'S GUIDE

PARIS
FOIRE A LA FERRAILLE DE PARIS
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PARIS IRYVY S-SEINE
INTERNATIONAL ANTIQUE & SECOND-HAND FAIR

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Vol.	High	Low	Last	Chg.
USFC	14725	31	30 1/2	+ 1/2
McDon	4320	10 1/2	10 1/2	+ 1/4
Profil	3280	19 1/2	19 1/2	+ 1/4
Kroger	2580	19 1/2	19 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4
AT&T	2270	21 1/2	21 1/2	+ 1/4

NYSE 4 p.m. volume	NYSE adv. volume	NYSE 4 p.m. volume	NYSE adv. volume
11,116,000	11,116,000	11,116,000	11,116,000
11,116,000	11,116,000	11,116,000	11,116,000
11,116,000	11,116,000	11,116,000	11,116,000
11,116,000	11,116,000	11,116,000	11,116,000

Index	High	Low	Close	Chg.
NYSE	187 1/2	187 1/2	187 1/2	+ 1 1/2
Composite	187 1/2	187 1/2	187 1/2	+ 1 1/2
Industries	187 1/2	187 1/2	187 1/2	+ 1 1/2
Utilities	187 1/2	187 1/2	187 1/2	+ 1 1/2
Finance	187 1/2	187 1/2	187 1/2	+ 1 1/2

**Friday's NYSE Closing**  
Via The Associated Press

Class	Prev.
Advanced	230
Declined	230
Unchanged	230
New Issues	230

Index	High	Low	Close	Chg.
NASDAQ	187 1/2	187 1/2	187 1/2	+ 1 1/2
Composite	187 1/2	187 1/2	187 1/2	+ 1 1/2
Industries	187 1/2	187 1/2	187 1/2	+ 1 1/2
Utilities	187 1/2	187 1/2	187 1/2	+ 1 1/2
Finance	187 1/2	187 1/2	187 1/2	+ 1 1/2

Vol.	High	Low	Last	Chg.
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2

Class	Chg.
Bonds	+0.12
Utilities	+0.17
Industries	+0.03

Class	Prev.
Advanced	446
Declined	446
Unchanged	446
Total Issues	446
New Issues	446
High	446
Low	446

Sept. 15	Sept. 16	Sept. 17	Sept. 18
15,000	15,000	15,000	15,000
15,000	15,000	15,000	15,000
15,000	15,000	15,000	15,000
15,000	15,000	15,000	15,000

Index	High	Low	Close	Chg.
Dow Jones	2081.57	2112.26	2077.70	+ 5.87
Transp.	181.13	187.48	184.10	+ 4.37
Comp.	77.22	78.28	77.94	+ 1.07

Index	High	Low	Close	Chg.
S&P 500	211.00	210.00	210.50	+ 0.50
Industries	211.00	210.00	210.50	+ 0.50
Utilities	211.00	210.00	210.50	+ 0.50
Finance	211.00	210.00	210.50	+ 0.50

Class	Prev.
Advanced	446
Declined	446
Unchanged	446
Total Issues	446
New Issues	446
High	446
Low	446

Index	High	Low	Close	Chg.
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2
AMEX	187 1/2	187 1/2	187 1/2	+ 1 1/2

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

# NYSE Gains in Active Trading

**United Press International**  
NEW YORK (UPI) — Prices on the New York Stock Exchange posted modest gains Friday in active trading as the quarterly expiration of futures and options passed with little disruption.

The Dow Jones industrial average, which had fallen 8.36 Thursday, rose 5.87 to close at 2,077.70. For the week, the 30-stock index rose 29.34, or 1.4 percent.

Advances led declines by about an 8-5 ratio. Volume was 211.1 million shares, up from 161.2 million traded Thursday.

Broader market indexes also advanced. The NYSE composite index rose 1.19 to close at 187.50. Standard & Poor's 500-stock index gained 2.52 to 270.65. The price of an average share added 25 cents.

The heavy volume early in the day — more than 57 million shares in the first half hour of trading — and the pickup in volume near the close was tied to the so-called "triple witching hour," the expiration of futures and options.

"There was a lot of random, confusing action in this session," said Michael Metz of Oppenheimer & Co. "The gains appeared to be the result of options-related activity. There were no externals contributing here."

"Today was a day for traders and speculators to deal with one another. The long-term investors know by now not to get in the way. It's all very exotic."

"When we pushed through 2,100 on Wednesday the market appeared a little tired," said Gene Seagle, director of technical research at Gruntal & Co.

"And one could argue that on a minor basis

the market was a little overbought," he said. "So until we attract more volume, there might be more of a problem breaking through additional resistance areas."

Mr. Seagle added, however, that he remained confident the market's attempt to test the highs since the October collapse — 2,158.61, set on July 5 — would succeed.

"I think we are going to see 2,250 by the time of the presidential election and even reach 2,500 by the end of the year," Mr. Seagle said. "If there is a pullback prior to that, it should level off at around 2,040 to 2,050."

Mr. Seagle said the reason for his optimism was a more "favorable interest rate background" and significant strength in selected issues.

"There are a lot of story stocks, rumor stocks and announced acquisitions working in this market right now," he said. "If we stop looking at the indexes, we see more and more individual stocks performing well."

USF&G was the most active issue, gaining 1/4 to 30 1/2. J.P. Morgan & Co. followed, up 1/4 to 38 1/2.

Phillips Petroleum was third, rising 1/4 to 19 1/4 on takeover rumors.

AT&T was up 1/4 to 25 1/2. IBM rose 1/4 to 114 1/4.

Among the blue chips, General Electric was up 1/4 to 43 1/4, Eastman Kodak was up 1/4 to 45 1/4, Procter & Gamble was off 1/4 to 79 1/4, and Merck was up 1/4 to 58 1/4.

American Brands jumped 3/4 to 51 1/4. Bennett S. Lebow, an investor, said he intended to purchase a 315 million stake and perhaps more than half of the company.

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
27 1/2	27 1/2	AAR	3.6	14	11	11	+
15 1/2	15 1/2	ACAD	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+

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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+

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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
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15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg.
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME	1.26	11 1/2	11 1/2	11 1/2	+
15 1/2	15 1/2	ACME					





ECONOMIC SCENE

In U.S. Race, Budget Gap Lurks Beneath the Surface

By LEONARD SILK

NEW YORK — The federal budget deficit remains the great submerged issue in the 1988 presidential campaign.

The one Bush phrase that will not die is his 1980 attack on Ronald Reagan's "wooden economics."

Today Mr. Bush presents himself as a hawk on military programs, a protector of Social Security benefits and other social programs, and an ardent opponent of tax increases, and says he expects the country to "grow out" of the budget deficits over the next four or five years.

The position of Michael S. Dukakis, the Democratic candidate, is not dramatically different.

Hit hard by Mr. Bush for his willingness to consider cutting such major weapons systems as the MX and Midgetman missiles, Mr. Dukakis has been trying to toughen his defense posture.

Nor would he lay violent hands on Social Security or other social programs.

After F. Mondale's landslide defeat in 1984 on the tax issue underpins Mr. Dukakis's proclaimed determination to make raising taxes "his last resort."

Nevertheless, the federal deficit hangs there like a lump. A new analysis by Larry H. Hunt, managing director and chief economist of the CM&G Group, a bond trading house, finds that, with only three weeks of the current fiscal year to go, the federal deficit is expected to come in at \$159 billion, compared with \$150.4 billion last year.

This rise occurred despite real economic growth of about 4 percent and a rise in consumer prices of 4 percent during the current fiscal year.

Skeptics in the business world do not believe either candidate's statements on taxes.

Over the next two years the chickens will come home to roost, one company's analysis contends.

Going It Alone: Sweden Builds the Gripen Jet

Pride Is Factor In Undertaking Costly Project

By Barry James

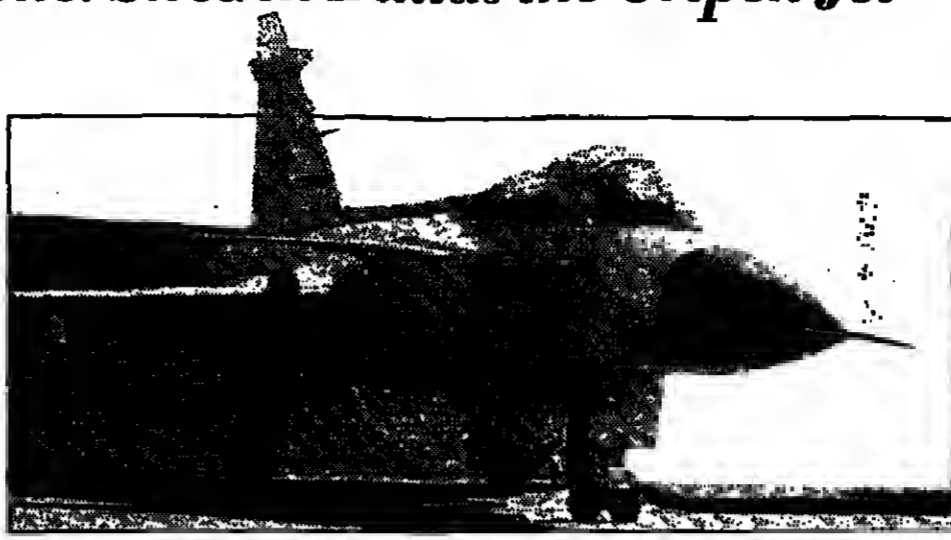
PARIS — With few fighter planes so complex and expensive that multinational consortia often have to be organized to build them, can a single country with a small population hope to build a credible competitor?

Sweden believes it can. In fact it is building a three-in-one fighter, bomber and reconnaissance aircraft, the JAS-39 Gripen, that it thinks will be more than a match for any potential rival.

"It looks like an aerospace designer's dream," said Aaron Karp, who directs the arms-trade research program at the Stockholm International Peace Research Institute. "Everything is in there. Never has anyone tried to put so much advanced technology and so much capability into such a small package."

But at an authorized cost of 24.9 billion kronor at the current 1983 value — for five prototypes and the first 30 production models — the project is likely to tax Sweden's financial and technological resources to the limit.

At current rates of exchange, 24.9 billion kronor is \$3.85 billion. Sweden's military budget for 1986-87 was 27.3 billion kronor. The Swedes have always prided themselves on being the only small nation that can make big aerospace projects work," said Mr. Karp. "This time they've bit-



A prototype of Sweden's JAS-39 Gripen, which is scheduled to fly by the end of the year.

ten off a lot and it is hard for them to chew it down."

But even though work on the aircraft's computerized fly-by-wire controls is 18 months behind schedule, Mr. Karp said he was certain the plane "will come in on schedule and on cost."

The JAS industrial group, formed to build the plane, includes Saab-Scania AB's Saab Aircraft Division for the airframe and main systems; Volvo Flymotor AB for the engine, in cooperation with General Electric Co. of the United States; Ericsson Radar Electronics AB for the radar, cockpit displays and electronic control measures; and FFV Aerotech for the maintenance equipment. The plane is being assembled at the Saab plant at Linköping.

The first prototype is scheduled to fly by the end of this year, and the first production model is due to be delivered to the Swedish Air Force in 1992.

Aviation industry sources estimate the cost of building the 30 planes ordered by the Swedish Air Force and a further 110 on option could total \$6.4 billion, yielding a unit cost of more than \$45 million per aircraft.

However, if the air force decides to replace existing Viggen and Draken aircraft with the Gripen, domestic orders could total another 350 to 400. This, and export orders, if any, would bring down the unit cost.

Although the manufacturers are already quoting an export price of \$15 million to \$20 million a plane, Sweden's neutrality policy effectively limits the poten-

tial export market to other Nordic or neutral countries.

In the past, Sweden has sold Draken fighters to Finland, Denmark and Austria — all considered by Stockholm to be countries having no kind of hostile intent.

Switzerland, although neutral, has been ruled out as a potential market by its decision to buy either General Dynamics Corp.'s F-16 or McDonnell Douglas's F-15 fighter from the United States. The hope is that Finland will replace its fleet of Soviet MiG-21 and Draken fighters with MiG-29s and Gripens.

But export sales are icing on the cake as far as Sweden is concerned. The prime aim is to build a plane dedicated to the country's

See FIGHTER, Page 11

British Rate Of Inflation Bulges to 5.7%

LONDON — Britain reported Friday that inflation was running at a 5.7 percent annual rate for the 12 months ending in August, the highest rate recorded since December 1985 and further evidence that the economy is overheating, economists said.

The retail price index rose 1.1 percent in August after a 0.1 percent rise in July, bringing the rate for the 12 months to 5.7 percent, compared with 4.8 percent at the end of July.

The latest rate was also higher than analyst forecasts, the median of which was for a 5.5 percent rate for the year through August.

Analysts said the level was likely to reach 7 percent early next year as interest rates spiral and the effect of a consumer spending boom seeps through.

The chancellor of the Exchequer, Nigel Lawson, who has been accused by the opposition Labour Party of allowing the economy to overheat seriously, had predicted earlier this week a rise in inflation, but he described it as a "temporary blip."

The British inflation rate compares with just over 4 percent inflation in the United States and 1 percent in West Germany.

Mr. Lawson insists that the British economy is fundamentally strong, with the current growth rate, of about 3 percent, above the average for Western Europe.

But he has been criticized for the sharp rises he has made in interest rates to try to stem an inflationary boom in consumer spending and for a widening gap in Britain's foreign trade as that boom has sucked in imports.

Mr. Lawson said Wednesday that current price increases largely reflected increases in mortgage costs, which have surged as banks' base lending rates have been increased eight times since early June, to a current 12 percent, in efforts to cool the booming economy.

The spending boom has opened up a trade gap that is expected to reach \$12 billion (\$20.1 billion) this year, compared with the government's original forecast of \$4 billion.

Unemployment has improved, with the jobless rate falling in August for the 25th consecutive month to a seasonally adjusted 5 percent. But analysts say that could produce shortages of labor in some specialized areas and help fuel further wage rises.

Peter Lilley, economic secretary to the Treasury, said in a BBC radio interview Friday that Britain would be foolish to change its monetary position before interest rate increases had had time to take effect on monetary expansion.

However, the deputy leader of the Labour Party, Roy Hattersley, said, "The government has clearly lost control of inflation. Everything else has been sacrificed to keep inflation down and it has now failed to achieve even this one aim."

World and domestic factors suggest that next month's figures could also be poor. A U.S. harvest damaged by drought could push up wheat prices and increases in domestic food prices are scheduled.

The core British inflation indicator, bank lending and money supply data for August, will be released Tuesday. Forecasts look for the targeted M-0, narrow money supply measure to have risen 1 percent for an annual 7.8 percent increase, compared with the official target range of 1 to 5 percent.

British financial markets showed little reaction to the announcement. Although August inflation was above many expectations, investors were braced for bad news after Mr. Lawson's prediction of a bulge in prices.

The pound was steady. On the London Stock Exchange, the Financial Times 100-share index closed down at 1,765.70, compared with 1,769.30.

Oslo Easing Foreigners' Stock Curbs

OSLO — Norway announced plans Friday to let foreigners buy bigger stakes in Norwegian companies, a move that financial analysts said would improve a liquidity crisis and give a much needed boost to the economy.

The minority Labor government said it planned to allow foreigners to own as much as 33 percent of Norwegian industrial companies, up from a current ceiling of 20 percent.

"The proposed changes will increase Norwegian companies' flexibility in financing and will help make industry more international," the Industry Ministry said.

Financial analysts said the move would bring in much-needed capital and stimulate a dull stock market. While stocks are relatively cheap and the performance of some companies quite strong, they say potential gains have been restrained by a transaction tax and recent poorly timed rights issues, in addition to the ownership restriction.

"This marks an important liberalization of the market," said Stein Bruun, an analyst with the brokerage Oslo Finans. "It gives Norwegian companies a much better basis for capital."

On the Oslo bourse, the industry index jumped 15.11 points to end at 386.77 in the busiest session for weeks.

Hafslund A/S, the Norwegian industrial conglomerate, announced Friday that it had received government approval to increase permitted foreign ownership of its shares to 33 percent.

The company said in a statement that it had also received permission to issue new nonvoting shares, which can be held by foreigners.

Bérégovoy Stresses Need for German Investment

FRANKFURT — France must be more willing to accept West German investment, Finance Minister Pierre Bérégovoy said Friday after a meeting at which he and West German officials discussed ways of recycling German trade surpluses.

Mr. Bérégovoy said the trade imbalance between France and West Germany "was at the heart" of discussions here Friday during the third meeting of the French-German Economic and Financial Council.

Speaking at a news conference after the meeting, Mr. Bérégovoy said the West German and French delegations to the meeting held "a frank discussion" on "ways to recycle a portion of West German surpluses through market channels."

Mr. Bérégovoy provided no further details on the plan, but added that the French economy "must be

more willing to welcome foreign investment, mainly from West Germany."

Persistent West German trade surpluses tend to put upward pressure on the Deutsche mark.

The council, created in January, comprises the finance and economic ministers of both countries as well as the governors of the Bank of France and the West German central bank, the Bundesbank.

In separate remarks, the West German Finance Minister, Gerhard Stoltenberg, said that rising domestic demand had contributed to the West German economy's 3.9 percent annual growth rate.

Mr. Stoltenberg said that growing domestic demand would help correct the country's trade surplus. He added that Bonn places a high priority on stability within the European Monetary System, which links most of the EC currencies in a joint float against the dollar.

Mr. Bérégovoy, who in recent months has been an outspoken critic of West German monetary policy, said that the current level of the French franc against the Deutsche mark was "sustainable," and added, "That the value of the franc against the mark fluctuates by a centime is not something that worries me."

Pressure on the French franc within the EMS has fueled speculation that a realignment of the group's currencies may be planned. The mark was indicated at 3,401.5 French francs in Paris on Friday, compared with 3,391.8 one month ago.

Proposals for creation of a European central bank were not discussed at the meeting, sources close to the talks said, adding that monetary authorities were waiting for a report on the plan being prepared by the European Commission president, Jacques Delors.

Although the council has met on two previous occasions, in Bonn and in Paris, its existence has still not been ratified by the French and West German parliaments.

Mr. Bérégovoy said the question of formal approval of the council "was not brought up," but that "both sides are hoping for a positive solution," while Mr. Stoltenberg said he hoped the council would be approved this year.

The meeting was held at the Bundesbank's offices. The council, which was created in January 1985 in a move to boost French-West German economic cooperation, has met on two previous occasions, in Bonn and Paris.

Friday's meeting followed several months of French criticism of West German moves to tighten monetary policy, but analysts said before the meeting that the two sides were likely to play down their differences.

West Germany and Japan are understood to be reluctant about excessive concessions to the Chinese, who already enjoy privileged COCOM treatment compared with other Communist states.

The German stance is thought to be linked with Bonn's *Asipolitik* Japan, while flexible on sales of civilian goods to China, is perceived as more cautious on exports that could strengthen China's military potential.

Europe, Japan Said to Plan COCOM Protest Aimed at U.S.

PARIS — West European nations and Japan intend to voice "sharp irritation" over new U.S. trade legislation at a meeting of the body that governs Western high-technology exports to Communist states, knowledgeable European officials said Friday.

Some U.S. partners in COCOM, the 16-nation Coordinating Committee for Multilateral Export Controls, are increased over inclusion in the trade act of sanctions on Toshiba Corp. for infringing COCOM's embargo lists, European sources said.

The Paris-based committee links 15 NATO members and Japan.

The trade act signed by President Ronald Reagan on Aug. 23 has triggered broader protests from major industrial countries, largely because of what they see as a protectionist thrust.

The Toshiba sanctions are contained in an amendment to the original trade bill. Japan has asked other COCOM members to join it

in pressing for a reversal of the measure.

European governments plan to raise the issue at a meeting of COCOM's executive committee scheduled for the end of October, according to European officials.

The Europeans fear that the sanctions, which also apply to Kongsberg Vaspentfabrik, a Norwegian company, will create a legal precedent.

"It is a matter of principle which has a bearing on the problem of extra-territoriality," one official said. "Inside COCOM we work out common actions, but it's up to each member state to police compliance with them on its own territory."

The Toshiba affair erupted last year when the United States accused a Toshiba subsidiary, Toshiba Machine Co., of selling highly sophisticated machine tools to the Soviet Union that helped Soviet naval engineers develop propellers more difficult to detect for the Soviet nuclear submarine fleet.

Kongsberg, a Norwegian state-owned company, was also involved in the deal, supplying electronic equipment.

The Toshiba-Kongsberg scandal prompted COCOM members early this year to strengthen enforcement of their embargo on sensitive high-technology materials.

At the same time, they streamlined the control system, easing restrictions for lower-grade technology and simplifying licensing requirements for nonmember countries that have agreed to introduce controls on their own technology exports.

The latter include such countries as South Korea and Singapore.

The knowledgeable European sources said some European countries, including Britain and France, were also pressing for further "substantial" easing of curbs on technology exports to China.

These countries plan to bring up the issue when COCOM meets in Paris on Sept. 26 to review relations with Beijing, well-informed European sources said.

The countries favoring a relaxation consider there is no longer any basis for fearing leakage of Western high-technology material to the Soviet Union or China.

The United States has recently dragged its feet over liberalization of trade with China because of Chinese sales of arms and missiles in the Gulf. But Western officials believe the air was cleared when Frank C. Carlucci, the U.S. defense secretary, met Chinese leaders in Beijing earlier this month.

West Germany and Japan are understood to be reluctant about excessive concessions to the Chinese, who already enjoy privileged COCOM treatment compared with other Communist states.

The German stance is thought to be linked with Bonn's *Asipolitik* Japan, while flexible on sales of civilian goods to China, is perceived as more cautious on exports that could strengthen China's military potential.

Currency Rates

Table with columns for Currency, Bid, Ask, and other market data for various international currencies.

Other Dollar Values

Table showing exchange rates for various currencies against the US dollar, including the Japanese Yen and the Swiss Franc.

Interest Rates

Table listing interest rates for various financial instruments, including Treasury bills and government bonds.

Key Money Market Spreads

Table showing spreads for various money market instruments, such as 3-month and 6-month Treasury bills.

Asian Dollar Deposits

Table detailing interest rates for dollar deposits in Asian countries, including Hong Kong and Singapore.

U.S. Money Market Funds

Table listing performance metrics for various US money market funds, including assets and returns.

Gold

Table showing gold prices in various international markets, including London and New York.

Head of Liggett Approches American Brands

NEW YORK — The stocks of American Brands Inc. and Liggett Group Inc. rose sharply Friday after the financier who controls Liggett made a run at American Brands that analysts said could end in a takeover the opposite way.

On Thursday, American Brands said a partnership led by Bennett S. LeBow, a New York financier, had filed for government clearance to buy more than \$15 million in American Brands voting stock, and might buy more than 50 percent of its voting securities.

The chairman of American Brands, William I. Alley, rejected the LeBow overture and said the company, based in Greenwich, Connecticut, wanted to remain independent. American Brands' market value, based on Friday's stock price, is about \$5.6 billion.

Some traders and analysts said Mr. LeBow appeared to be trying to force American Brands to sell him its American Tobacco Co., which makes Lucky Strikes and Tarleton cigarettes.

Others said it would be more likely that Mr. LeBow would like American Brands to buy Liggett, the maker of L&M, Chesterfield and Lark cigarettes, which has been experiencing declining sales volume in the profitable cigarette industry.

Liggett, formerly owned by Grand Metropolitan PLC of Britain, also was ruled liable in June for damages in a smoker's death from lung cancer.

A spokesman for Mr. LeBow declined comment when asked whether he was interested in selling Liggett to American Brands. Asked whether Mr. LeBow was serious about acquiring American Brands or its tobacco business, the spokesman said, "He has both the willingness and resources to buy all or part of American Brands."

American Brands said Mr. LeBow had approached the company in July about a possible acquisition of American Tobacco, which also makes Half & Half pipe tobacco.

"There's a few easy ways to get your company sold and one of them is to bid for American Brands," said an arbitrator.

Some analysts disagree, but the sentiment seems to be that something will happen to enrich the shareholders of one or both of the companies. American Brands stock jumped \$3.25 to close at \$51.625 on the New York Stock Exchange on Friday, while Liggett Group climbed \$3 to \$12.375.

Analysts said that American Brands, whose businesses also include financial services, could prove too costly a target for Mr. LeBow.

"We feel very strongly that the Liggett people are trying to put themselves in play to be taken out of business by anyone," said Roy Barry, an analyst at Kidder Peabody. "There is no other way it could happen."

Mr. Barry said that Liggett's cost of capital to acquire American

Brands would be much higher than the cost American Brands would incur from purchasing Liggett.

Mr. LeBow is best known as an expert in turning companies around. In addition to acquiring Liggett in 1986, he controls Western Union and recapitalized the company in 1987 before merging it with ITT World Communications, a former ITT Corp. unit. He also bought MAI Basic Four, a computer company, for \$105 million in 1985.

Mr. LeBow's takeover approach, made through Brooke Partners LP, was the second this year for American Brands. In February, American

Brands acquired E-II Holdings Inc. for \$1.1 billion in a so-called "Pac-Man" reverse takeover, after E-II launched an attempted hostile buyout of American Brands.

Mr. Alley, in his rejection of the overture, said, "The American Brands board of directors continues to believe that the best long-term interest of American Brands and its shareholders is that the company continue to operate as an independent company." (Reuters, AP)

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Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 100 High Low Close

(Continued)

Table of stock prices for various companies including IBM, AT&T, and others.

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U.S. Futures

Via The Associated Press

Sept. 16

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London Cocoa Prices Drop to a 12-Year Low

As Talks on Glut Falter

By Reuters

LONDON — Cocoa prices fell sharply on Friday to their lowest level in more than 12 years...

NYSE High-Lows

Table with columns New Highs, New Lows.

AMEX High-Lows

Table with columns New Highs, New Lows.

Brussels Sets Timetable For Overhaul of Bourse

The Associated Press

BRUSSELS — Philippe Maystadt, the Belgian Finance Minister, has proposed a timetable for overhauling the Brussels stock market...

Agache Raises Stake in LVMH

By Reuters

PARIS — The financial holding company Financière Agache said Friday that it holds a 37.4 percent stake in the capital of LVMH Moët Hennessy-Louis Vuitton...

London Metals

Table with columns High Low Close Chg.

S&P 100 Index Options

Table with columns High Low Close Chg.

U.S. Treasuries

Table with columns High Low Close Chg.

Paris Commodities

Table with columns High Low Close Chg.

London Commodities

Table with columns High Low Close Chg.

Dividends

Table with columns Company, Dividend, Yield.

Spot Commodities

Table with columns Commodity, Price, Change.

To Our Readers

Deutsche mark futures option prices were not available in this edition because of transmission delays.

China Reports Shortfall At Joint-Venture Mine

BEIJING — The largest joint venture in China, the Antaibo coal mine in Shanxi Province, will produce just over half its planned output this year because of technical and transportation problems...

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BUSINESS ROUNDUP

Japan Sets 3d Sale of NTT Shares

Compiled by Our Staff From Dispatches TOKYO — The Ministry of Finance announced Friday the sale of 1.5 million shares in Nippon Telegraph & Telephone Corp., the third tranche of offerings as part of the privatization of the giant utility.

Porsche Resignations Linked to Sales Drop

Compiled by Our Staff From Dispatches STUTTGART — The resignations of two top U.S. executives of Porsche AG were connected with the drastic fall in the company's American sales in recent years, a company spokesman said Friday.

Computerland to Proceed With Delayed Stock Offer

By Mitchell Martin International Herald Tribune LUXEMBOURG — Computerland Corp., the largest franchisor of computer stores in the world, plans to proceed with a large initial stock offering that was delayed in August, its chairman said Friday.

Rolling Back Decade, Detroit Dusts Off Rear-Wheel Drive

By John Holusha New York Times Service

DETROIT — After a decade of turbulent change, Detroit is returning to the tried and true. Rear-wheel drive is making a bit of a comeback.



In high-performance cars like the 1988 Pontiac Transam GTA, rear-wheel drive yields better handling and braking, as well as more traction during acceleration.

Pushed by a need to make smaller and more fuel-efficient cars while retaining roomy interiors, automakers had turned in the last decade to front-wheel drive. Rear-wheel drive seemed destined for extinction.

But in recent years American drivers have been expressing a preference for larger cars with bigger engines, and manufacturers have responded. Now automotive engineers are catering to buyers who also want their big cars to start and stop on a dime.

"For very high performance you want rear drive or four-wheel drive," said Donald L. Runkle, vice president for advanced engineering at General Motors Corp. "That's why you will never see a front-drive Corvette."

Prestigious European automakers such as Mercedes-Benz, BMW and Volvo have clung to rear-wheel drive all these years, arguing that it is more suitable for their type of car.

When Ford Motor Co.'s redesigned Thunderbird and Mercury Cougar models go on sale later this year, they will apply power to the road through the rear wheels. Ford engineers said that early in the planning for the new models it had been assumed that they would be converted to front-wheel drive but that subsequent studies showed that a rear-wheel-drive system was preferable for these sporty cars.

Automotive trade journals are replete with accounts of a new line of large cars at GM that will replace the current Chevrolet Caprice and large station wagons, all with rear-wheel drive.

Top-of-the-line models from the upscale Lexus and Infiniti divisions being established by Toyota Motor Corp. and Nissan Motor Co. will also have rear-wheel drive when they are introduced next year, industry sources said.

Rear-wheel drive had been the industry's standard from the days of Henry Ford to the late 1970s. Then, to save space in the passenger compartment and trunk, automakers equipped models with front-wheel drive, eliminating the drive shaft that ran from the engine in the front to the rear wheels. Front-wheel drive became a selling point, although the reason for the change was seldom explained.

Despite the return to rear-wheel drive on some models, front-wheel drive is likely to remain in the majority of American-made cars.

In fact, Chrysler Corp. will not even be a player in the new rear-wheel-drive game. It has introduced front-wheel-drive versions of its largest models, including the New Yorker. When Chrysler closes its plant in Kenosha, Wisconsin, by the end of this year, its last rear-wheel-drive model will go out of production.

Most new GM models also will continue to have front-wheel drive because of the interior space advantages. Mr. Runkle said. Car buyers with families, he said, are more interested in a roomy interior than in high performance.

Image as much as engineering was an important factor in the decision to keep the Thunderbird and Cougar with rear-wheel drive, Ford officials said. "We studied new car buyer surveys to find out why people buy a car like a Thunderbird," said Bruce Kopf, a product planner for the company. "We found that prestige, styling and fun to drive — handling — are important to those buyers."

Because rear-wheel-drive cars accelerate and stop better than those with front-wheel drive and are easier to handle in turns because of their better balance, that design was favored.

Another factor was important, Ford officials said. Because they did not have to package all the drive components under the hood, the height of the hood could be lowered for sleeker styling.

Automotive engineers generally agree that neither front-wheel drive nor rear-wheel drive is superior in all applications. "The industry went to front-wheel drive for fuel economy," said Donald T. Mulaney, an engineering manager at Ford. "For a given passenger compartment, you can wrap an exterior around it that weighs less with front drive than rear drive."

With less weight, a smaller engine can be used, producing more fuel efficiency. With most of the heavy machinery resting on the driven wheels, front-wheel-drive cars have a traction advantage on wet or snow-covered roads. But this also produces a weight imbalance that acts as an impediment to handling, especially at higher speeds.

Front-wheel drive has another disadvantage in higher-performance cars. In any car, weight shifts to the rear when power is applied. In rear-wheel drive cars, this weight shift is an advantage because it increases the traction of the driven wheels.

But with front-wheel drive, the weight shift reduces the load on the front wheels, increasing the chance that they will lose their grip on the road and spin.

Weight transfer has the opposite effect on braking. When the brakes are applied, weight shifts to the already heavily loaded front wheels. The lightly loaded rear wheels cannot do much in the way of braking without locking up.

"Front-wheel-drive cars tend to be harder to stop, particularly under slippery conditions," said James H. Kennedy, the chief engineer on the Thunderbird-Cougar program.

Dealer Response on Geo About 80 percent of Chevrolet's 5,000 dealers have agreed to market the company's imported cars under the Geo brand name this fall, The New York Times reported from Las Vegas.

Top executives of Chevrolet, General Motors Corp.'s largest marketing division, said the creation of the Geo brand name was an attempt to win buyers who reject domestic brands and to discourage its dealers from taking on competing franchises.

Chevrolet officials discussed the Geo strategy as they introduced their 1989 models to more than 4,900 Chevrolet dealers in Las Vegas.

Michael H. Erdman, Chevrolet's marketing manager, said 28 percent of buyers of imported cars had never been in a domestic dealership and had no intention of visiting one.

Another 17 to 18 percent are uncommitted to either imported or domestic brands, Mr. Erdman said. "We are talking about a total market of almost 4 million vehicles a year," he said.

Chevrolet executives described Geo as a "family" of vehicles whose prices would range from \$5,995 for the base model Metro to about \$14,000 for a fully equipped Tracker model.

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Grand Met Expected to Get Its £1.5 Billion Price for Inter-Continental

By Mitchell Martin International Herald Tribune LONDON — When Grand Metropolitan PLC announces the winning bid for its Inter-Continental Hotels unit in New York next week, it almost certainly will meet the target price of £1.5 billion (\$2.5 billion), industry analysts say.

Grand Met, which put the world-wide hotel chain on the block in August, closed bidding in New York late Thursday. The buyer is expected to be announced next week.

The company paid \$500 million when it bought the 100-hotel chain from the U.S.-based Pan Am Corp. in 1981, and the potential sale price has made analysts reassess hotel portfolios of companies such as Ladbroke Group PLC and Trusthouse Forte PLC.

Analysts said possible contenders for Inter-Continental might include Marriott Corp., Japan Air Lines Co., Scandinavian Airlines System or American-led international consortiums.

A Marriott spokesman, Leslie Schlage, said of the persistent speculation about her company's interest, "We're active in the marketplace and there are always rumors and speculation about Marriott's activities, and we don't comment on them."

Analysts said Donald J. Trump, the New York property developer and casino operator, also might be interested in Inter-Continental.

In Britain, Trusthouse was rumored as a possible bidder, but the hotel and catering group ruled out that move on Thursday. The British

hotel and restaurant group Mowlem Charlotte Investments PLC also is thought to be interested in some of the hotels.

Grand Met's shares jumped Thursday, to 484 pence from 477.5 pence, on speculation that a large U.S. bidding group, VMS Realty, was bidding £1.8 billion for the hotel chain. The stock closed 1 penny higher Friday on the London Stock Exchange, at 485 pence.

Ron Littleboy, an analyst at Nomura Securities Co., said he thought Grand Met would sell for more than £1.5 billion. "There are at least a half-dozen serious players at around £1.5 billion," he said.

Others said a price of £1.2 billion to £1.5 billion was more likely.

"It certainly could not be justified on trading grounds," Julie Seaver, an analyst with County NatWest Woodman, said. "It would be worth it for someone seeking a strategic market position."

Analysts agreed that the attraction of Inter-Continental's real estate far outstrips that of its earnings potential. Forecasts are for pretax profit of £50 million to £60 million for the year ending Sept. 30, up from £37 million last year.

The sale will allow Grand Met to focus on its food and drinks business and boost its reserves for potential acquisitions, the analysts said.

The predicted Inter-Continental sale price is a further illustration of the spiraling value of high-quality hotels.

The Inter-Continental chain operates hotels in 47 countries, including such well known properties as the Carlton in Cannes, on the French Riviera, and five London hotels.

"It's about scarcity, quality and world branding," said Peter Hillier with Barclays de Zoete Wedd. "Top-quality hotels aren't built every day in central city sites."

Kevin Seany, an analyst with Warburg Securities, said, "Buying a hotel is a bit like buying a van Gogh or a Raphael. It's a rich man's collector's item."

FIGHTER: Sweden Goes It Alone in Developing the Gripen Warplane

(Continued from first finance page) own needs and maintain an independent aerospace industry.

"It is not economic in the sense in which we would use the word," said Don Kerr, an aerospace expert with the International Institute for Strategic Studies in London. "But a brief and compact answer to the question of why they do it is because they are Scandinavians."

"Their sense of social responsibility tends to extend to defense. People have simply decided to have the planes and spend the money."

As a combat plane, the Gripen looks "credible," Mr. Kerr said. "The Swedes have had good operational aircraft coming out of Saab for quite long time. The Viggen is a slouch at all."

Harald Schroder, director of the JAS group, said in an interview at the recent Farnborough air show that extremely close cooperation between the air force and industry made it possible to define production goals precisely.

"If you live in a small country, you learn about people, you can discuss matters very openly," he said. "That means we can define goals which take into consideration the fact we are a small nation, and

that we don't have to build the world's best fighter.

"But we can build an aircraft which is suitable for Sweden, and a good one too."

JAS says the fighter will be the first of a new generation of compact warplanes to make full use of advanced technologies in engines, new composite materials, electron-

ics and fly-by-wire control systems. Although heavier at 18,000 pounds (about 8,180 kilograms) than the F-16 fighter, the Gripen promises to incorporate all three combat roles in a single aircraft.

JAS stands for *jack, attack and spanning* — or interception, attack and reconnaissance. Its predecessor, the Viggen, was built in several versions, each specializing in a single role.

Mr. Karp said that while previous Swedish warplanes, such as the Viggen, made heavy use of off-

shelf technology and concepts, "this time, they are on the cutting edge for the first time."

To enable the aircraft to carry out different combat roles, the makers have packed in about 40 separate computers to break down the various data-processing tasks. The plane, designed for supersonic operation at all altitudes, has the

same configuration as the Viggen — a delta wing with smaller wings, known as canard wings, toward the front of the aircraft.

The Gripen is intended to be not only flexible but simple to operate, so that it can be maintained by conscript soldiers.

The price for all this, aviation experts say, is a limited range. But this is seen as a political asset by many in Sweden, since it means that the aircraft is not obviously provocative.

"We have only to defend our-

selves, and it is not intended that we should fly over enemy territory," Mr. Schroder said.

The Gripen will rely heavily on foreign technology — including the U.S.-designed engine and fly-by-wire system and the British-designed wing — and Sweden has agreed to comply with NATO restrictions on the transfer of technology out of the Western camp.

"It isn't necessary to reinvent the wheel every time," Mr. Schroder said, explaining the decision to import key parts of the aircraft's technology.

Indeed, Sweden could have saved itself a lot of money and protected jobs in its aerospace industry by entering into a co-production deal to build a foreign fighter.

But Mr. Karp said, "Sweden feels that if it co-produced a Western plane, it would become symbolically a part of the Western alliance."

Despite its foreign content, the Gripen will visibly uphold the appearance and the fact of Swedish neutrality, he said.

But although the Swedes feel they have to go it alone, Mr. Karp added, "A lot of people question whether it will be able to afford to do so much longer."

INTERNATIONAL CLASSIFIED (Continued from Back Page) ESCORTS & GUIDES LONDON KENSINGTON ESCORT SERVICE 212-765-7896 MAJOR CREDIT CARDS AND CHECKS ACCEPTED LONDON PARIS ESCORT SERVICE 212-765-7754 MAJOR CREDIT CARDS AND CHECKS ACCEPTED LONDON PARIS ESCORT SERVICE 212-765-7754 MAJOR CREDIT CARDS AND CHECKS ACCEPTED LONDON PARIS ESCORT SERVICE 212-765-7754 MAJOR CREDIT CARDS AND CHECKS ACCEPTED

Olympic coverage the IHT For the duration of the Games, the IHT will carry up to three pages of sports news — every day, Monday-Saturday. Readers will get full Olympic results plus superb sports reporting and commentary by the IHT's sports staff as well as The New York Times and The Washington Post. And, of course, during the Olympic period, the IHT will continue to cover international and US sports, including the baseball pennant races and playoffs and the start of the college and professional football seasons. And if you plan to be in Seoul for the Games, we have arranged special distribution so you can be certain of getting your IHT every day. Herald Tribune

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**Friday's AMEX Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

17 Month	High	Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
17	17.00	16.00	Amgen	3.50 11.5	21	16.00	16.00	16.00
17	17.00	16.00	Amgen	3.50 11.5	21	16.00	16.00	16.00
17	17.00	16.00	Amgen	3.50 11.5	21	16.00	16.00	16.00

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**INTERNATIONAL FUNDS (Quotations by Funds Listed) Sept. 16, 1988**

Fund Name	Price	Change	Fund Name	Price	Change
AL-AM GROUP	29.42	+	AMERICAN FUNDS	10.12	+
AL-AM TRUST SA	29.42	+	AMERICAN FUNDS	10.12	+
AL-AM TRUST SA	29.42	+	AMERICAN FUNDS	10.12	+

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AS - Australian Dollars; BF - Belgium Franc; CA - Canadian Dollar; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; FL - Dutch Guilder; L - Italian Lira; Lf - Luxembourg Franc; M - Mexican Peso; N - New Zealand Dollar; S - Swiss Franc; Y - Japanese Yen; Z - South African Rand; A - American Dollar; B - British Pound; C - Canadian Dollar; D - Deutsche Mark; E - Euro; F - French Franc; G - Guilder; H - Hong Kong Dollar; I - Italian Lira; J - Japanese Yen; K - Korean Won; L - Luxembourg Franc; M - Mexican Peso; N - New Zealand Dollar; O - Omani Rial; P - Portuguese Escudo; Q - Quetzal; R - Rand; S - Swiss Franc; T - Taiwan Dollar; U - US Dollar; V - Vietnamese Dong; W - West German Mark; X - XDR; Y - Yen; Z - Zaire Dollar.

**Floating-Rate Notes**

Issuer/Note	Rate	Term	Issuer/Note	Rate	Term
Amgen	8.50%	30 days	Amgen	8.50%	30 days
Amgen	8.50%	30 days	Amgen	8.50%	30 days
Amgen	8.50%	30 days	Amgen	8.50%	30 days

Source: Credit Suisse-Fitz Securities Ltd., London.

CURRENCY MARKETS

Dollar Little Changed as Gold Falls

NEW YORK — The dollar closed mixed against major currencies Friday, while market attention focused on gold, which tumbled to a 17-month low to close at \$411.70 an ounce.

Currency traders were reassessing the implications of Wednesday's lower than expected U.S. trade deficit for July and looking for fresh direction, analysts said.

The dollar traded in a narrow range, with dealers reluctant to buy the currency heavily for fear that a rise to 1.88 Deutsche marks would attract central bank intervention.

At the close in New York, the dollar slipped to 1.8710 DM from 1.8745 at Thursday's close, but it advanced to 1.8710 Swiss francs from 1.8730 and to 1.5810 Japanese yen from 1.5805.

The British pound, underpinned by official confirmation of a sharp rise in Britain's inflation rate in August, closed steady at \$1.6790. The price bulge had been anticipated by the market.

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters. Includes Deutsche mark, French franc, and Swiss franc.

The pound was slightly easier at \$1.6755 after Thursday's \$1.6780.

The growing view that the Federal Reserve will have to keep monetary policy relatively tight so that imports do not rebound and hurt the trade deficit adjustment helped dollar sentiment, an analyst said.

The immediate market reaction to the smaller than expected \$9.53 billion U.S. trade gap in July was to conclude that the Fed would not have to raise interest rates further, which boosted the dollar Thursday.

Apprehension about central bank dollar sales at 1.83 to 1.89 DM per dollar, some dealers said.

The British pound was little affected by news of a surge in retail prices in Britain. The government reported a 5.7 percent annual inflation rate for August, up sharply from July and higher than most analysts' expectations. It was the highest rate in almost three years.

Currency operators said the pound's unimpressive performance was encouraging.

Paul Chertkov, currency analyst

at Security Pacific Hoare Govett, said that if the dollar drifts aimlessly before the U.S. elections in November, overseas currency dealers may switch their focus to sterling again as a high-yielding currency, despite the worsening deficit in the British current account.

The price of spot gold on the New York Commodity Exchange slipped to \$411.70 an ounce, down from \$418.60 on Thursday.

Traders said the market for precious metals has been on the defensive throughout the week in a bid to withstand pressures brought on by lower crude oil and commodities prices.

"A lot of traders went home this weekend with short positions. The market psychology is very negative," said John Norris, a Citibank vice president.

Republic National Bank's closing cash price of gold closed lower at \$412, down from \$418.50. Gold closed in London at \$412.00 an ounce, down from \$417.75, and in Zurich at \$415.60 an ounce, down from \$418.75.

Some traders said the price of gold is likely to fall to the low \$400's, or below, in the near term. "Once you get momentum on one side, like the sell side, it's anybody's guess where it will fall," said Martin McNeill, vice president at Dominion & Dominick, a New York bullion firm.

"After Monday, gold was on the defensive," he said.

Yeutter Expects Slower Growth In U.S. Exports

CHICAGO — The growth in U.S. exports is likely to slow as many American industries reach production capacity, the U.S. trade representative, Clayton K. Yeutter, said Friday.

Mr. Yeutter was commenting to a business group here on the sharp narrowing of the monthly U.S. trade deficit for July.

The government reported Wednesday that the merchandise trade deficit fell to a three-and-a-half-year low of \$9.53 billion.

Mr. Yeutter said the 8.9 percent decline in imports to \$35.99 billion reflected a trend of U.S. companies winning back domestic markets.

Of exports, he said: "We're going to have a slowdown." Referring to annual rate of growth in that sector, he added, "One can't expect growth rates of 40 percent forever."

Asked whether exports could keep the U.S. economy expanding now that domestic consumer spending has shown signs of slowing, Mr. Yeutter expressed confidence.

Healthy Mark Lures Japanese to German Bonds

TOKYO — Many of Japan's big institutional investors are expanding their holdings of West German government bonds as the German trade surplus grows and confidence in the Deutsche mark strengthens.

"Over the last 10 days or so, more Japanese money has gone into West German government bonds than over the entire two months before," Kenneth Couris, senior economist at DB Capital Markets (Asia) Ltd., said at midweek. "This is just the beginning of a major shift into D-mark-related products."

Some sources said most of the cash was from French bonds. Japanese investors appear to feel that France's inflation outlook is troublesome.

The popularity of mark bonds, known as Bunds, has grown in part because of the Bundesbank's firm stance against inflation.

The Bundesbank's decision to raise its discount rate half a point to 3.5 percent on Aug. 25 was especially significant.

"That made it clear the Bundesbank was determined to protect the currency at all costs," said Sumio Miyayaga, head of fixed income sales at J.P. Morgan Securities Asia Ltd. "The market took it very seriously."

West Germany's June trade surplus, reported Aug. 23, grew to 14.2 billion DM from May's 10.3 billion.

Bond managers expect the entire range of Japanese financial institutions to step up their purchases of Deutsche mark bonds, which offer relatively good yields.

"There is broad support for D-mark bonds," Mr. Miyayaga said.

Japanese investors have been cautious in reacting to the Bundesbank action because many took big currency losses on mark bonds early this year.

The planned introduction by West Germany of a 10 percent withholding tax on interest paid to foreigners from January 1990 is not expected to significantly affect the popularity of bonds among Japanese investors, analysts said.

"Japanese city banks and long-term investment banks are getting back into D-mark products," said Nobuhide Senzaki, a manager in the bond department of S.G. Warburg Securities (Japan).

"There is changed sentiment for D-Mark bonds," Mr. Miyayaga said. "They make a lot of sense now."

Several dealers forecast Japanese demand for Deutsche mark bonds could lead to many adding as much as another 10 percent to their portfolios, from the 5 to 10 percent held already.

U.S. Treasury bonds still attract more than half of Japanese investment in overseas fixed income instruments, while much of the rest has been split among different European bonds.

French government bonds, which began becoming popular with Japan's institutions earlier this year, are losing favor as economists predict faster French inflation by year-end.

An official at a French brokerage in Tokyo

said he was pessimistic about French bond sales in the next few months.

Inflation in West Germany is running at about 1 percent a year, compared with 2.8 percent in France. West Germany's consumer price index was steady in August after a 0.1 percent drop in July.

Analysts noted that the mark has been stable recently, and a survey of Tokyo currency dealers showed they expected it would not move below 73.50 yen in the midterm.

Yields on bonds continue to exceed those on Japanese government bonds.

The yield on the benchmark 10-year bond is trading between 6.85 percent and 6.65 percent, against around 5.18 percent on the key 3 percent 105th Japanese government 10-year bond, due 1997, and 9 percent on the benchmark 9.80 percent French government bond, due 1996.

The inflation-adjusted rate of return that the bond yields offer makes them attractive, said an official at a major Japanese securities company.

Japanese investors are now almost forced to invest abroad because of the low yields on domestic bonds.

"That real interest gain makes up for taking a little exchange rate risk," one analyst said.

One strategy employed by several Japanese investors is to tap the short-term Deutsche mark market and invest those funds in bonds.

"There is a very satisfactory spread between those rates," the analyst said.

DEFICIT: In U.S. Campaign, the Budget Lurks Beneath the Surface

(Continued from first finance page) The administration assumes real growth of 3 percent and a consumer price rise of only 3.9 percent.

The administration is also projecting a decline in interest rates, with 10-year Treasury notes coming down to 8.1 percent on average from nearly 9 percent. But that sounds overly optimistic.

The presidential candidates have been discussing plans for various programs, from the war on drugs to the safeguarding of the environment, that would add to spending.

The 4.1 percent cost-of-living increase for federal workers just signed by President Reagan was not included in the official budget projection. The drought relief bill will add about \$5 billion in outlays in the next fiscal year.

And, as Mr. Bush of GM&M notes, although the official projections included \$7 billion for the bailout of savings institutions, the outlays could be much greater, given the severity of the problems.

Both candidates are searching for ways to deal with national problems without letting the costs show in the budget.

On higher education, for example, Mr. Dukakis has proposed a program of college loans to be made by banks, with students paying back through payroll withholding on their lifetime incomes.

By comparison, Mr. Bush proposes to create tax-free savings bonds as an incentive for families to save for their children's college tuition.

Both candidates are searching for ways to deal with national problems without letting the costs show in the budget.

WORLD MARKETS IN REVIEW

IN THE IHT EVERY MONDAY. A WEEKLY REVIEW OF WORLD STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

Large financial table with multiple columns for stock prices, dividends, and market indices across various countries and sectors.

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list compiled by the OTC market.

Table of OTC prices for various stocks, including columns for stock name, price, and change.

Table of stock prices for various companies, including columns for stock name, price, and change.

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Tables include the nationwide prices as reported in the Wall Street Journal and do not reflect late trades elsewhere.

- ACROSS**
- 1 Italian violin
  - 6 Engrossed
  - 10 Biblical book
  - 14 Swiss canton
  - 19 Balzac's "Biorretaur"
  - 20 Take on
  - 21 Bomb
  - 22 Soap plant
  - 23 SALINAS VALLEY
  - 25 UKRAINE
  - 27 Estranges
  - 28 O'Casey's staff of life
  - 29 Wilde's forte
  - 30 What yeggs crack
  - 34 Tubing joint
  - 35 Potok novel, with "The"
  - 36 VIII x IV
  - 40 Olympics awards
  - 45 Hard beds
  - 47 Harpsichordist Landowska
  - 49 Anticipated
  - 50 Recoiled
  - 51 Second after tau
  - 53 Bloch's Bates
  - 56 Dante's "La nuova"
- DOWN**
- 13 Hammett hero
  - 14 Incoherent one
  - 15 Chinese border river
  - 16 Matchless 1814
  - 17 Place of exile: 1814
  - 18 Graphite
  - 24 Swoon
  - 26 Chinook
  - 31 According to
  - 32 DUBLIN
  - 33 Phantom
  - 35 Product-banking org.
  - 36 Tee-hee
  - 37 LONDON
  - 38 Chandler's "The Big"
  - 41 Auld Clotie

### Book Country By John H. Samson

- DOWN**
- 42 YOKNAPATAWPHA COUNTY
  - 43 Iron Age period
  - 44 Turfs
  - 46 Lost weekend
  - 47 Kenosha, Wis.
  - 48 Rival of Sparta
  - 49 "Lady Windermere's"
  - 52 Trout or marble
  - 54 Least
  - 57 Grand Ole quality
  - 59 Bones
  - 61 Grim Grimm character
  - 63 Aneat
  - 64 Ultimate goal
- DOWN**
- 65 Bunkmate
  - 67 Sprunge
  - 68 Sea cow
  - 69 Caulking material
  - 72 Desirable quality
  - 75 Driver's one-eighty
  - 77 Edgar Masters
- DOWN**
- 98 A Lyon river
  - 99 Berlin products
  - 100 Merganser
  - 101 Village in John
  - 102 "Step" followers
  - 110 Chahu avian
  - 112 R.N.'s forte
  - 113 Sir Launcelot du
- DOWN**
- 106 Fleming novel
  - 107 Wrongful act
  - 108 Part of the Louisiana Purchase
  - 109 "Step" followers
  - 110 Chahu avian
  - 112 R.N.'s forte
  - 113 Sir Launcelot du

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- DOWN**
- 1 Zoological suffix
  - 2 Kind of ticket
  - 3 Holly found in Dixie
  - 4 British or U.S. poet
  - 5 ALBANY
  - 6 Butler who emerged in 1836
  - 7 Man Friday
  - 8 Fourth Estate
  - 9 O'Hara's "North Frederick"
  - 10 P.M.
  - 11 Erich Segal book
  - 12 Corrida charger

**TILL WE MEET AGAIN**  
By Judith Krantz. 534 pages. \$19.95. Crown Publishers Inc., 225 Park Avenue South, New York, N. Y. 10003.

Reviewed by Frank J. Priol

I PUT down the phone in shock. Judy Krantz's new book finished? It couldn't be. I felt a sudden need to tug open my Land's End blue corduroy shirt and loosen my bottle green silk knit Paul Stuart tie. Why, the literary world had hardly recovered from the thrill of "Till We Meet Again" when that really two years ago?

I'd been silent in the midst of packing. My mid-sized Vuitton. Tweeds mostly and some beach things. The Dublin Horse Show opened in a few days and I was booked on the morning Concordia. Afterward I'd planned a meeting at Eden Row with Fiona. That was all over now.

Yes, I knew what I had to do. Raw, untrained energy equipped me. It was terrible, but it was wonderful. I threw back my head and laughed bitterly. I, who had been voted the strongest-willed member of my Harvard class, I was up against something beyond my control, something only another man could understand; I had to review that book.

And here we go:

### BOOKS

Eve Condit is a teen-ager in Dijon, France, in the days before World War I. She slips out to the music hall one night, falls for a singer and runs off with him to Paris. She discovers her own singing talent, becomes the rage of the boulevards and sheds the tenor.

War comes. Singing in the trenches, Eve meets handsome Paul de Lancel, scion of a great champagne house. They marry after the war and he embarks on a diplomatic career, landing in Los Angeles where he becomes consul general.

Their two daughters are Marie-Frédérique — Freddy — and Delphine. Freddy becomes a teenage pilot with money she earns working secretly in Woolworth's. Her first instructor teaches her more than aerial acrobatics. She does stunt flying for the movies and goes off to England as a World War II ferry pilot and, like so many women on those days, comes back to the States to start her own airline.

Delphine settles in France and quickly becomes that country's greatest prewar film actress, stealing roles from Danielle Darrieux and Michèle Morgan. She is very beautiful. She is also something of a tramp. But even she draws the line; she refuses to

give herself, as they say, to an epicure Nazi general in exchange for help for her true love, a Polish director who happens to be Jewish who has been deported. Just as well; the director, a plucky fellow, makes it back to Paris on his own, they are married and live happily across from Luxembourg Garden.

The girls have a half-brother, Bruno, by Paul's brief first marriage. Bruno lives in Paris where he is into merchant banking and inventive sex. Bruno is a collaborator, a thief and, worse, a bore. He sets up Delphine with the Nazi and berates her when she begs off. He sells the family champagne stocks on the black market and betrays to the Gestapo the cellar workers who catch him. Paul, back from the diplomatic life to take over the champagne business, bans Bruno from France but Bruno returns anyway, to meet an appropriately grisly end.

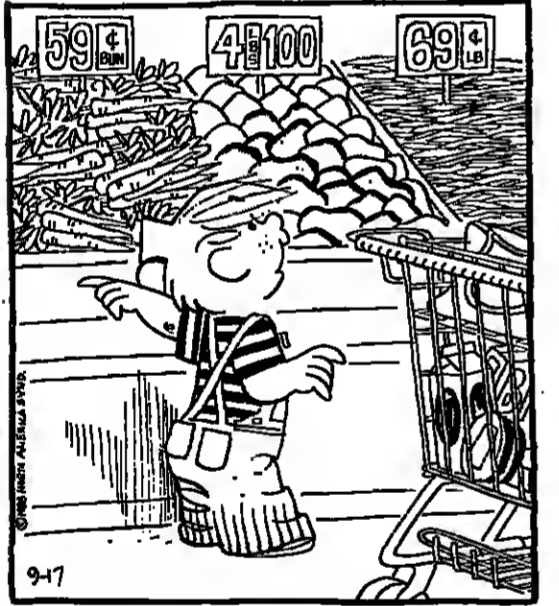
And that's about it. Eve and the girls are deflected at the proper intervals and in some detail. "Men had tried to push themselves against Delphine dozens of times, but she had always eluded them. Now she almost faintly toward Amber, her eyes closed, her mouth greedy for his brutal, necessary kisses." Bruno and a randy countess have a go. There is a lot of flying, some filmmaking, a line here and there about making champagne and, de rigueur, much silliness about makeup and clothes.

And all 534 pages of it related in the most pedestrian, plodding prose. There is not an insight, a clever line, a hint of humor, a neat turn of phrase, a felicitous description.

What there are instead are names, endless names. There are lists, too, in lieu, I guess, of any decent fiction. Authentically European style, Krantz said she read 35 war books on the Paris front, consulted squadrons of women pilots and a cartload of champagne experts. A couple of vignettes by Colette would have been better than all the books; the pilots neglected to tell her that you can't sit side by side in a Piper Cub and the champagne people never told her that you don't store the stuff with the labels on. Also, Boing had no planes with cocktail lounges in 1937 — not until the Stratocruiser in the 1950s. They can fix it all up in the mini-series.

Frank J. Priol, a former pilot, is on the staff of The New York Times.

### DENNIS THE MENACE



"THE CARROTS LOOK KINDA GRUMPY, MOM... BUT THE BANANAS ARE SMILING!"

### WEATHER

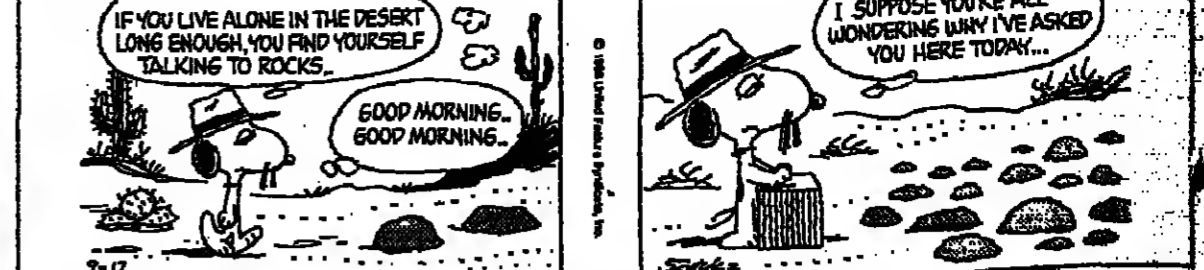
EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Alexandria	24	15	Beijing	22	14
Amsterdam	18	12	Bombay	28	20
Antwerp	16	10	Hong Kong	26	18
Berlin	14	8	Manila	24	16
Bombay	28	20	Saigon	26	18
Buenos Aires	14	8	Shanghai	24	16
Budapest	14	8	Seoul	24	16
Calcutta	28	20	Tokyo	24	16
Cardiff	14	8			
Chicago	14	8			
Cairo	28	20			
Canton	28	20			
Cebu	28	20			
Colon	28	20			
Dacca	28	20			
Dahomey	28	20			
Dar es Salaam	28	20			
Delhi	28	20			
Detroit	14	8			
Frankfurt	14	8			
Geneva	14	8			
Hankow	28	20			
Hong Kong	28	20			
Kobe	28	20			
London	14	8			
Lyons	14	8			
Manila	28	20			
Medan	28	20			
Osaka	28	20			
Paris	14	8			
Peking	28	20			
Port of Spain	28	20			
San Francisco	14	8			
Singapore	28	20			
Sourabaya	28	20			
Tientsin	28	20			
Yokohama	28	20			

### World Stock Markets

Via Agence France Presse Closing prices in local currencies, Sept. 16

Amsterdam	Berlin	Brussels	Frankfurt
ABN Bank 42.30	Deutsche Bank 209.50	Arted 2910	AEG 202.20
Alco 42.30	Deutsche Bank 209.50	Beckhoff 1172	Alfa 164
Alco 42.30	Deutsche Bank 209.50	Beckhoff 1172	Alfa 164
Alco 42.30	Deutsche Bank 209.50	Beckhoff 1172	Alfa 164

### PEANUTS



### BLONDIE



### BEEBLE BAILEY



### ANDY CAPP



### WIZARD OF ID



### REX MORGAN



### GARFIELD



Sydney	Zurich	Tokyo	Singapore	Stockholm
ANZ 2.12	Adia 2.12	Alco 2.12	Bank of China 2.12	Alfa 2.12
ANZ 2.12	Adia 2.12	Alco 2.12	Bank of China 2.12	Alfa 2.12
ANZ 2.12	Adia 2.12	Alco 2.12	Bank of China 2.12	Alfa 2.12

Spitz

Thom

Wankes

Winning

PERSONAL INVESTING

IN THE SECOND MONTH OF EACH MONTH.

EDITED FOR THE SOPHISTICATED INVESTOR - AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS - WORLDWIDE.

SPORTS

Spitz Backs an End to Amateur Olympics

By Paul F. Horvitz International Herald Tribune

Mark Spitz, the former golden boy of international swimming and one of the most celebrated Olympic athletes, believes that the big television networks should take over future Games and pay prize money to the medal winners.



Mark Spitz: Money is "common denominator of excellence."

"I believe that money is the common denominator of excellence," he said Thursday in a telephone interview from Los Angeles. "And the more money you put into programs and the more money you give to winners, then the more participants you have and a higher degree of competition evolves from that."

International Olympic Committee and the Los Angeles Olympic Organizing Committee, the money paid to the IOC for various licenses and television rights could have been used for prize money.

Spitz said that in 1984, if ABC had run the Games instead of the winner and \$150,000 to second place and \$50,000 to third, I think that, considering that the Russians win over 50 percent of the medals, they would have come to win over \$100 million in the 1984 Olympics instead of boycotting.

For Ashford, Full-Scale Games at Last

George Vecsey New York Times Service

SEOUL — Evelyn Ashford knew that if she stayed around long enough, they would eventually have a full-scale Summer Olympics again.

She was already excited about running in these Summer Games when she left Japan on Thursday, but then she heard some news that made these games even more special: She would carry the American flag in the opening ceremony here.

That made her feel even better about leaving 3-year-old Raina Ashley Washington back in Florida with Ashford's mother. Now Raina would be able to watch television and see her mother.

"I just hope I don't trip," said Ashford, 31. She appreciated the honor because it meant she had support from athletes in other sports. She also appreciated the honor when she found she would be the first black woman to carry the U.S. flag.

And she appreciated the full house. As the world turned on the television in all the time zones around the globe, nobody could truly predict how these Games would work out for the host country.

Not even a smashing opening ceremony would guarantee a successful Games. But Ashford was at least assured that there would be a full house, that most of the world's top athletes would be on hand.

In 1976, she finished fifth in the 100-meter in Montreal, but her joy of being an Olympian was dampened because "many of the African nations weren't there."

This is the real thing. You could feel it at the perimeter of the village as the athletes walked back and forth — Bulgarians and Finns and Jamaicans and Chinese, only seven of 167 nations staying away.

"The whole world is here," Ashford said, with as much excitement as she showed about carrying the flag. While most of the other track and field athletes were still resting, Ashford went out to practice carrying the flag. She said it was lighter than she had expected — or was that a subtle way of saying you do not have to be a hammer-thrower, like Ed Burke in 1984, or Mac Wilkins, the veteran discus-thrower who had been the candidate of the male track and field athletes?

"I'm stronger than you think," she said. She is so strong that she shocked her husband by announcing she might even be running at the 1992 Summer Games in Barcelona.

Early Events

Following the opening ceremony early Saturday, the official competition got off to a start with, among the main events, women's platform diving, men's basketball, boxing and cycling. The Associated Press reported from Seoul.

In the first event of the Games, Chinese women divers were expected to dominate while Michele Mitchell, the 1984 silver medalist, was favored to win. Another favorite was Elena Miroshina of the Soviet Union.

In boxing, there were 20 bouts scheduled as the 105- and 119-pounders (48 and 49 kilograms) began the event's competition. Brazil, with star forward Oscar Schmidt, who almost single-handedly led his team to a gold medal over the U.S. team at the Pan American Games in 1987, was facing Canada in the opening game of the men's basketball tournament.

Thompson: Going for 3d Decathlon Gold

By William Gildea Washington Post Service

SEOUL — "If to win a gold medal in the 1988 Olympics I had to die in 1987 I'd do it," Daley Thompson once said. "It means that much to me."

Thompson, 30, won his Olympic gold in the decathlon in 1980, and lived to win another in 1984. In Seoul, the Briton will try for an unprecedented third Olympic gold. Only one other athlete has won two Olympic decathlon gold medals: Bob Mathias of the United States, in 1948 and 1952.

"There's no reason why I can't win three Olympic decathlon titles," Thompson once said. "I'll be just the right age for the decathlon."

He may have miscalculated. Slowed by a persistent groin injury early in 1987, Thompson was upset last year in Rome and lost his world title to Torsten Voss of East Germany, the favorite in Seoul. Christian Plaziat of France and Sigi Wentz of West Germany could challenge Voss and deny Thompson any medal.



"I enjoy what I'm doing as much as you would doing your favorite thing 24 hours a day," he says. "My office just happens to be a track."

Thompson never has tried to cash in on his athletic achievements. One business agent quit pursuing him in frustration.

"I just want to be the best decathlete I can be," he said. "The reason I'm doing this is to get the best out of myself."

He avoids interviews and keeps out of crowds in Britain where he is a familiar face. What leisure he allows himself is spent evenings at home or at the movies.

Thompson loves to work out with other decathletes, even if he will face them in competition. Gary Kinder, an assistant track coach in New Mexico who won the decathlon in the U.S. Olympic track and field trials in July, says he has learned much from Thompson.

"The biggest thing I learned from Daley was not technique, but how to be tough," said Kinder. "He taught me what's important and what's not. He said when you go to a big meet, go to win, not to see how many points you can score."

Born in London, Thompson is the son of a Nigerian father and a Scottish mother. At 3, he was expelled from nursery school for fighting. At 7, he was sent to a boarding school. There, the headmaster got him interested in track and field. At 16, he met a coach who saw in him a combination of height, weight, strength, jumping ability and speed that was suited to the demands of the decathlon.

The decathlon consists of, on the first day, the 100-meter dash, long jump, shot put, high jump and 400-meter run; on the second day, the 110-meter hurdles, discus, pole vault, javelin and 1,500-meter run.

Initially, Thompson was not sure that the decathlon was for him. In one of his early attempts at the pole vault, he sailed backward and crashed, suffering cuts and bruises.

But within a year he had set a British junior record in the decathlon. In 1976, he made the British Olympic team and finished 18th at Montreal; the winner, Bruce Jenner of the United States, predicted that Thompson would be a future Olympic champion.

SCOREBOARD

BASEBALL

Thursday's Major League Line Scores

Table with columns for American League and National League, listing teams and scores.

TRANSITION

BASEBALL American League CLEVELAND—Renewed their working agreement with the Colorado Rockies Sky Sox of the Pacific Coast League for the 1989 season.

NATIONAL HOCKEY LEAGUE N.Y. RANGERS—Released Drago Adam, goaltender; Patrick Dunn, left wing; and Dwight Mullins, right wing.

W-LEBRON, 13-12, L-Petry, 37, HR—Korostelev, 10, 2B, 2 HR, 2 R, 2 P, 2 B, 2 S, 2 O, 2 E, 2 F, 2 G, 2 H, 2 I, 2 J, 2 K, 2 L, 2 M, 2 N, 2 O, 2 P, 2 Q, 2 R, 2 S, 2 T, 2 U, 2 V, 2 W, 2 X, 2 Y, 2 Z.

Major League Statistical Leaders

Table listing statistical leaders for various categories like batting average, home runs, etc.

TENNIS

Pro Leaders MEN Boris Becker, 2,316 pts. Ivan Lendl, 1,677 pts. Andre Agassi, 1,312 pts. Emilio Sanchez, 1,285 pts. Kent Brundage, 1,285 pts. Tim Mayotte, 1,285 pts. Henri Leconte, 1,285 pts. Anders Jarryd, 1,285 pts. Mats Wilander, 1,285 pts. Stefan Edberg, 1,285 pts. Ivan Lendl, 1,285 pts. Andre Agassi, 1,285 pts. Emilio Sanchez, 1,285 pts. Kent Brundage, 1,285 pts. Tim Mayotte, 1,285 pts. Henri Leconte, 1,285 pts. Anders Jarryd, 1,285 pts. Mats Wilander, 1,285 pts. Stefan Edberg, 1,285 pts.

Yankees Stun Red Sox, Winning 5-3 in Boston

Compiled by Our Staff From Dispatches

BOSTON — Ten years after the so-called Boston Massacre, the memories remain.

With a 5-3 victory over the Boston Red Sox on Thursday night, the Yankees began to exorcise skeletons that generations of Boston players have tried to bury.

BASEBALL ROUNDUP

New York Yankees began to exorcise skeletons that generations of Boston players have tried to bury. Coming into this series 4 1/2 games out, they have nothing to lose.

Twins 10, White Sox 3: In Minneapolis, Jim Dwyer capped a six-run, sixth-inning rally with a grand slam to back Frank Viola's 22d victory for Minnesota.

Blue Jays 3, Indians 0: In Toronto, Jeff Musselman and Tom Henke combined on a five-hitter backed by four double plays to blank Cleveland.

Royals 2, Angels 1: In Anaheim, California, Pat Tabler homered with one on in the first inning to back Charlie Leibrandt's four-hit game for Kansas City.

Reds 7, Astros 5: In the National League, in Cincinnati, Eric Davis and Barry Larkin drove in two runs apiece to help down Houston.

Mets 4, Cubs 1: In New York, David Cone won for the eighth time in nine decisions and Kevin McReynolds hit a two-run homer.

Cardinals 3, Phillies 1: In Philadelphia, Scott Terry won his seventh straight and Vince Coleman went three-for-three as St. Louis snapped a three-game losing streak.

Expos 9, Pirates 4: In Montreal, Randy Johnson won his major-league debut, the first Montreal pitcher to do so in five years.

"We have to play the games, we have to win the games," said Don Mattingly, who constantly has been reminded of his guarantee during spring training that the Yankees would win the pennant. "We have to do the work and we'll see how it comes out. It's not going to take long. Within the next three days, we'll know."

Center-fielder Claudio Washington stole home for what proved to be the decisive run.

(AP, UPI)

Advertisement for Longines Precision watches, featuring an image of a watch and the text 'Official Timekeeper of the Olympic Games 1988 Calgary and Seoul'.

Official Timekeeper of the Olympic Games 1988 Calgary and Seoul

PEOPLE

POSTCARD SoHo West in Frisco

By Robert Reinhold New York Times Service

SAN FRANCISCO — Nowhere are the recent changes that have swept San Francisco more apparent than along Folsom Street in this city's gritty warehouse district south of Market Street.

Febe's, a once popular "leather" gay bar has been replaced by the Paradise Lounge, catering to heterosexuals. Up the street, a building that was once an arsenal for the Symbionese Liberation Army and later became a gay bar, is now Julie's Supper Club, one of the most popular and trendy eateries.

Such is the transformation of the South of Market district, or SoMa as it is called, San Francisco's version of New York's SoHo. Once the rough threatening preserve of welders, wholesalers, furniture supply houses, artists struggling to make their way in black-leather motorcycle outfits and metal studs, SoMa has become fashionable. Now on weekend nights young people from the suburbs line up for popular straight clubs.

Not least of the factors behind the change is AIDS, which has been devastating among the leather crowd. But also rising rents downtown put economic pressures on SoMa. "The fact is, San Francisco has only one way to grow, into this area," said Ali Ghanbarian, a Georgian Iranian immigrant who was a SoMa pioneer five years ago when he opened the Billboard Café, an artists' hangout that quickly drew a citywide following.

Despite the efforts of Ghanbarian and others, a result of the format has been to drive them out. After years of living and working in a loft on Folsom, Ronald Chase, a painter, said he could no longer afford the rent and moved into a new art district in the city. Other artists have moved to Oakland.

To retain artists, the city has relaxed rules for "live-work" units for people engaged in "art activities," making it easier for them legally to occupy lofts. In addition, the city planning commission is drawing up a plan to bring order to the chaotic growth of SoMa. Susana Montana, planning coordinator for SoMa, said it is a "conservation" plan meant to preserve industries, artists' and low-income housing.

THAT everybody is clamoring for SoMa is extraordinary. "People were afraid to come down here at first," said Dennis P. Ring, who, with his sister Julie Ring, operates two popular restaurants, Rings and Julie's Supper Club. Opening Rings in 1985, he said, was risky. The area was mostly gay, but soon the taxi restaurants, closed and the area changed. Julie's followed and is a smash hit with its "late '50s Dayton, Ohio, bowling-alley look."

SoMa has proved less hospitable to art galleries. Ann Walker, a prominent art patron, has opened ArtSpace next to the Billboard Café to display contemporary art. But San Francisco's relatively staid art market cannot support many such galleries in SoMa and some have failed. Bruce Veitch, who shows young California artists, recently moved his gallery opposite the Taxi restaurant, hoping the site would build traffic. "The question is whether a gallery like this can work in San Francisco," he said.

The term SoMa apparently originated with Sam Provenzano, a painter, who ran an art school in a loft "until the yuppies moved in, the rents went up and I was evicted." To most here the name has become generic, but the SoMa Fine Arts Press two years ago obtained an injunction against Paul R. Schütz, owner of the Café SoMa, preventing him from using the name, an artists' hangout, to display art in the name of SoMa. "It's a shame because art is what drew everybody together here," said Schütz, a photographer.

"Artists are like pest control," observed Provenzano. "We go into cockroach infested places and when we get rid of the bugs, rents go up and out we go. We seem to be the avant-garde of real estate." But the die is cast. "It's going to be gentrified," said Tricia James, director of the South of Market Business Association.

Nicaragua's Great Crime Novel

By Stephen Kinzer New York Times Service

LEON, Nicaragua — The most sensational criminal case in Nicaraguan history, a tale of high society adultery and murder, has again become a topic of intense controversy more than half a century after it was seemingly resolved.

Elderly Nicaraguans have vivid memories of the trial, which riveted the country's attention for three years in the 1930s. Younger people have heard stories about the case from their parents and it has thus become part of the collective national memory.

A new novel by one of Nicaragua's leading literary and political figures, Sergio Ramirez, has propelled the case back onto the front pages. Suddenly it is the subject of conversation and debate, much as it was 50 years ago. The novel is a fictionalized version of the life, arrest, trial and death of Oliverio Castañeda, a Guatemalan-born lawyer who took up residence in Leon and quickly became a respected member of the local bourgeoisie.

Although married, he is said to have become romantically involved with prominent local women. On Jan. 13, 1933, his wife died of unknown causes. Castañeda was apparently conducting love affairs with two sisters, members of the well-to-do Guardia family. One of the sisters died suddenly in October 1933, and their father died a week later.

Suspicion fell on Castañeda, who was known to have bought quantities of strychnine from a local pharmacist. He said he had used it to poison wild dogs plaguing the city. As investigations proceeded, it was discovered that friends of Castañeda in Guatemala and Costa Rica had also met unexplained ends. He was arrested and charged with triple murder.

All Leon, indeed all Nicaragua, became fascinated with the case. Castañeda was articulate, handsome and charming, and many people could not believe him guilty of such crimes. Women especially rallied to his defense, packing the trial and showing him with gifts. Proceedings were moved to the largest hall in Leon, but still spectators spilled out into surrounding streets.

There was no direct proof against Castañeda's guilt, but the circumstantial evidence against him was overwhelming. After three years of proceedings, he was convicted and sentenced to die. But before the sentence could be carried out, he was shot and killed by guards, reportedly while trying to escape.

The case became a classic, for years used by law students at Leon University. Ramirez, who studied there in the early 1960s, became fascinated by its intricacies. Already more interested in literature than law, he conceived of the case as material for a novel.

As years passed, Ramirez became involved in the Sandinista guerrilla movement, and after the 1979 Sandinista takeover he became a government leader. After the 1984 election, he became vice president of Nicaragua, but he still considers himself a writer first of all.

In 1980, Ramirez began five years of investigation into the Castañeda case, including a careful review of the 2,000-page indictment and other court documents. Then he spent two years writing his novel, which he called "Castigo Divino," or "Divine Punishment."

This month, in the same hall where Castañeda was tried, Ramirez presented his novel to the public. But the newspaper Nuevo Diario has been carrying it in serial form for several months, so its contents were already familiar to many of those present.

In the audience were several people who were involved in the trial, including the jailer who took Castañeda from his cell to the courthouse every day. Mariano Fillos Oyarzun, son of the judge who presided over the case, was also there. A pianist played languid tunes from the 1930s and visitors crowded around a display case containing Castañeda's eyeglasses. Many of Nicaragua's leading cultural figures were there. One, the painter Mercedes Graham, said she had found "Castigo Divino" fascinating and entirely original.

"It is not like any other book in Latin American literature," said Graham, who recalled having learned about the Castañeda case from her parents. "I couldn't put it down. I would up wanting to dance a fox trot with Castañeda, even if it meant I would be poisoned afterward."

The novel is an adroit combination of fact and invention. Real characters are mixed with fictional ones. Contemporary newspaper articles about the case, which are sprinkled through the narrative, are written in the journalistic style of the 1930s. But they were actually composed by Ramirez.

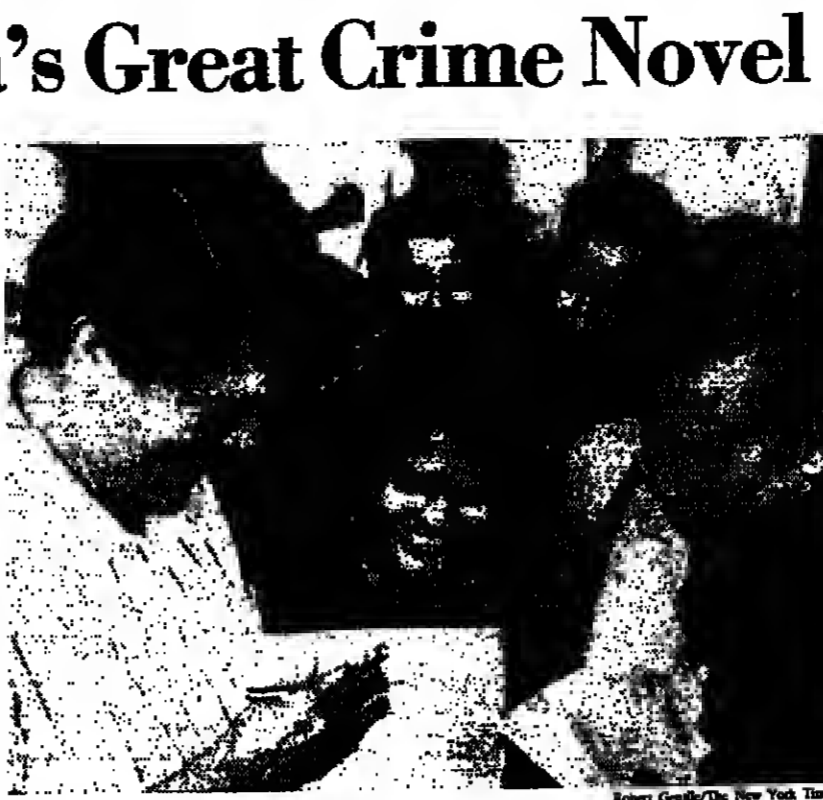
Ramirez said that while writing the book he had drawn on techniques of various authors from Dostoyevsky to Stendhal. He cited "An American Tragedy" by Theodore Dreiser and "In Cold Blood" by Truman Capote as works that had helped him shape the narrative.

In Leon and throughout Nicaragua, the Castañeda case has again become a cause célèbre. Several of those who remember the trial speak of Castañeda as innocent, victim of a political plot masterminded by General Anastasio Somoza Garcia, then commander of the National Guard.

Some say the victims died of fever or other natural causes. But Ramirez said that in the course of his investigation he became convinced of Castañeda's guilt.

There are also Nicaraguans who believe that Ramirez had a hidden political motive in portraying Leon's social elite as corrupted by crime and illicit sex. Among them is Ramiro Guardia, a business leader and foe of the Sandinistas who is descended from two of Castañeda's supposed victims.

"This book is aimed at showing that the traditional bourgeoisie has no moral authority and that the Sandinistas were justified in confiscating our properties and cutting us off from power," Guardia said.



Nicaragua's vice president, Sergio Ramirez, signing a copy of his "Castigo Divino."

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Mugabe Wins Prize

President Robert Mugabe of Zimbabwe was awarded a \$100,000 prize given to African leaders who have worked to increase food production and end hunger.

The prize, instituted last year, is given annually by the Hunger Project, an New York-based international philanthropy and aid organization. Joan Holmes, director of the Hunger Project, said Mugabe had become the "agricultural success story" of Africa. Citing Zimbabwe's self-sufficiency in food production, Holmes said that Mugabe's agricultural programs "pointed the way not only for Zimbabwe but for the entire African continent." Mugabe said his prize would be spent on agricultural projects in his country.

He also receives an abstract sculpture by Takenobu Igarashi, a Japanese sculptor. Mugabe credited his country's agricultural success to a rural resettlement program begun in 1980.

Prince Charles incurred the wrath of Britain's television producers and filmmakers by accusing them of presenting the public with "an incessant menu of nutty gratuitous violence." Charles was speaking at the opening of the Museum of the Moving Image in London. The British Film and Television Producers Association (BFTPA) which represents 260 British producers, said Charles' comments were highly tendentious and unproductive. Otto Plaschke, head of BFTPA, said there was no direct relationship between so-called gratuitous violence on screen and violence in real life. "It has not been proven," Plaschke said.

Charles was particularly critical of the video industry and pointed out that all types of videotapes are available to children. "If you claim that a diet of violence is likely to have some effect on the way that some people behave, then you are told there is no proof that this has any effect," he said.

Not long after auctioneers sold nearly \$2 million worth of Andy Warhol's jewelry, curators unveiled an even greater cache hidden in file cabinets at the late artist's townhouse, Sotheby's said in New York. The curators were moving two file cabinets at the Manhattan townhouse in June when they discovered the jewels stashed in false-bottom drawers, according to the auction house. The find included

hundreds of diamonds, dozens of sapphires and a 300-carat emerald, Sotheby's said. The jewelry will be auctioned Dec. 4.

The '60s drug guru Timothy Leary said he's signed up to have his head removed and frozen after he dies for possible resurrection. "I don't want to just go out," said the 67-year-old former Harvard psychology professor who once advised the young of America to "tune in, turn on and drop out" with mind-altering drugs.

Soviet audiences will get their first taste of a Broadway show when the Soviet-American co-production of "Sophisticated Ladies" using Soviet musicians and dancers but U.S. performers, opens in Moscow next month. The show, produced by the American Laszlo Javros on a budget of about \$5 million, will open in Moscow on Oct. 1 for two weeks and then play Leningrad and Tbilisi for one week each. The Soviet run will be followed by a world tour of 25 cities and ending on Broadway. It will have a cast of 19 male and almost entirely of American producers including Hinton Battle and Gregory Burge from the original Broadway cast.

The world's second-largest diamond went on display Friday by Christie's in London to a select group, prior to the auction house's sale of the 407.48-carat in New York. Oct. 19, Christie's expert on jewels, François Carrel, estimated the diamond to be worth at least \$12 million (\$20 million). "We have identified about 10 potential clients in Britain, but only three gave a positive response," he said.

Lorenza published two chapters of George Orwell's anti-totalitarian novel "Animal Farm" on Friday and said Soviet critics were wrong to maintain for years that it posed a threat to socialism. "It is good that the prose of this great English writer reaches our readers, albeit late," she said. "Meanwhile this report of the publication in book form of selected works by Nikolai Bukharin, a leading opponent of Stalin. Bukharin was rehabilitated in July 50 years after he was executed."

PEOPLE

President Robert Mugabe of Zimbabwe was awarded a \$100,000 prize given to African leaders who have worked to increase food production and end hunger.

The prize, instituted last year, is given annually by the Hunger Project, an New York-based international philanthropy and aid organization. Joan Holmes, director of the Hunger Project, said Mugabe had become the "agricultural success story" of Africa. Citing Zimbabwe's self-sufficiency in food production, Holmes said that Mugabe's agricultural programs "pointed the way not only for Zimbabwe but for the entire African continent." Mugabe said his prize would be spent on agricultural projects in his country.

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PERSONAL MESSAGES

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